

GAO

Report to the Chairman, Subcommittee
on Oversight and Investigations,
Committee on Veterans' Affairs,
House of Representatives

August 1999

VA TRAVEL

Better Budgeting and Stronger Controls Needed



General Government Division

B-283221

August 23, 1999

The Honorable Terry Everett
Chairman, Subcommittee on Oversight
and Investigations
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Chairman:

This report responds to your request for information on travel-related issues at the Department of Veterans Affairs (VA).¹ As agreed with your office, our specific objectives were to provide information on (1) how VA formulates its travel budget request; (2) whether VA's use of excess travel funds is in accordance with guidance from the Senate Appropriations Committee regarding the reprogramming of funds between programs, activities, or elements; and (3) whether VA has adequate internal controls over the authority it grants to certain employees to authorize their own travel and approve their own travel vouchers, as well as whether it has adequate control over employees who are issued limited open travel authorizations, which allow them to travel without additional authorization. Your office asked that we address these issues out of concern about the accuracy of VA's travel budget request and the adequacy of VA's internal controls over travel. As agreed, we focused our review on temporary duty travel by field employees.

Results in Brief

VA's total budget requests for travel, as contained in the President's budget submissions to Congress, were comprised of estimates developed separately for six appropriations accounts and four revolving funds. In formulating their travel budget requests, managers of these accounts and revolving funds reported that they generally considered the prior year's actual travel expenditures, adjustments for inflation, and expected initiatives or program changes. VA budget officials said that the provision in VA's appropriations act limiting the department's travel expenditures to the amounts requested for travel in the President's budget submission for various appropriations accounts affected the way they formulated their travel budget requests. The officials also said that the limitation caused

¹ For a February 11, 1999, House appropriations hearing on VA, we provided the subcommittee information about VA's statutory travel budget limitation (which limits the amount that VA may spend on travel to the estimates for travel contained in the President's budget submission to Congress), travel budget requests, and actual travel expenditures for fiscal years 1993 through 1999. The data from that request are also provided in appendix I of this report.

them to formulate travel budget requests that were large enough to ensure that the legal limitations would not be exceeded.

VA's travel budget requests have exceeded its actual travel expenditures by millions of dollars in recent years. For the six appropriations accounts, VA's travel budget requests exceeded actual travel expenditures by about \$28 million in 1996, over \$11 million in 1997, and over \$5 million in fiscal year 1998. VA's travel appropriations have also exceeded actual travel expenditures for these accounts by at least \$9 million in each of the last 3 fiscal years.

VA reprogrammed excess travel funds, representing the difference between the amounts included for travel in VA's appropriations accounts and travel expenditures—over \$61 million in total for fiscal year 1993 through 1998. VA spent the excess travel funds on general operating expenses, such as salaries and equipment. A recurring directive in Senate Appropriations Committee reports directs VA to inform the committee prior to any reprogramming that exceeds \$250,000 between programs, activities, or elements. VA did not inform the Senate Appropriations Committee of the excess travel reprogrammings because it did not consider switching excess travel funds to other object classes, in this instance, to constitute reprogramming. We believe that VA's switching of excess travel funds constitutes reprogramming that is covered by language in the committee's report. However, this failure to inform the committee of reprogrammings above the \$250,000 threshold does not constitute a violation of law.

The Comptroller General's internal control standards require, among other things, continuous supervision to ensure proper review and approval of employees' activities, as well as separation of duties and responsibilities in authorizing transactions. Our review of travel files within 4 Veterans Integrated System Networks (VISNs) and 4 Veterans Benefits Administration (VBA) regional offices (representing 23 facilities) found that VA's limited open travel authorizations were being issued to many employees without the required supervisory review to determine whether they were frequent travelers. Although neither the Federal Travel Regulation (FTR) nor VA's travel policy defines frequent traveler, VA's travel policy chief defined a frequent traveler in the context of limited open travel authorizations as one who travels an average of at least once per month. Using this definition, we found that 220 of 239 employees (92 percent) at the 23 facilities with limited open travel authorizations were not frequent travelers. We also found instances where administrative personnel were not obligating the funds associated with limited open

travel authorizations in accordance with VA policy, resulting in a possible loss of control over expenditures. In addition, we found some other practices with respect to the processing of travel vouchers that raised questions about compliance with VA's travel policy and the FTR.

We also found that VA's policy on delegated travel authority was being implemented without a system of controls to compensate for the lack of separation of duties inherent in self-authorization and approval of travel. At the 23 VA field facilities, we found 5 officials who authorized their own travel and approved their own travel vouchers that exceeded the applicable per-diem allowances without any justification, contrary to VA travel policy. Moreover, we found that no VA Central Office staff monitored the travel of field employees who had limited open travel authorizations or delegated travel authority, except for when their travel was the subject of complaints made to the department's Inspector General. This lack of internal controls over open travel authorizations and delegated travel authority increases the potential for abuse and has hindered VA's ability to prevent and detect noncompliance with travel requirements.

We are making recommendations to VA to address the problems we identified.

Background

VA operates a nationwide program of healthcare, benefit services, and national cemeteries for veterans. The fiscal year 1998 budget authority for VA was \$42.8 billion. VA's largest components are (1) the Veterans Health Administration (VHA), which provides healthcare services to 2.7 million veterans and performs medical research and (2) VBA, which administers veterans' benefits in the form of disability compensation and pension income, educational support, vocational rehabilitation, and housing credit assistance. To provide these services and administer benefits, VA staff travel to provide healthcare, meet with veterans' groups, receive training, visit departmental facilities, conduct research, and attend professional meetings.

As of April 30, 1999, VA had 194,932 full-time employees; VHA had 176,536 full-time employees; and VBA had 11,231 full-time employees. In October 1995, VHA was reorganized into 22 healthcare networks, or VISNs. In connection with this reorganization, VHA headquarters (Central Office) in Washington, D.C., downsized its staff by more than 20 percent and decentralized much of its operational decisionmaking authority to the field. VHA's 22 VISNs oversee 172 medical centers. VBA has 58 regional offices.

Chapter 57 of title 5 of the U.S. Code authorizes the payment of travel and transportation expenses of government employees. Under this authority, the General Services Administration (GSA) has issued the FTR to implement statutory requirements and executive branch policies for travel. In July 1998, GSA revised the FTR into a question-and-answer format.² Under the revised FTR, agencies were given greater discretion to determine their travel policies and procedures. However, since the FTR was revised, VA has not amended its travel policy, dated February 28, 1995, with respect to the department's policies on employees authorizing and approving their own travel and on those who are issued limited open travel authorizations.

VA has a travel policy office that disseminates travel policies to all facilities, but it has no central travel office that makes travel arrangements or processes travel departmentwide. VA administers employee travel in a decentralized manner, and each field facility processes travel for employees working onsite. Some VA facilities have their own travel policies that supplement the department's travel policy.

The primary forms for completing employee travel are travel authorizations and vouchers. Under VA travel policy, travelers normally must complete travel authorizations prior to travel. These documents must be authorized by "officials . . . cognizant of travel plans." After the travel is completed, employees must submit vouchers documenting expenses incurred. These vouchers are to be approved by "the traveler's supervisor who has knowledge of the facts involved in the travel." In each VA field facility, administrative personnel prepare travel authorizations and process vouchers for their employees and other VA employees working at their facilities.³ According to a VA Central Office official, less than one-half of all VA offices use automated travel-processing systems, allowing travel authorizations and vouchers to be prepared and processed on computer.

In reimbursing employee travel, VA follows rates established by GSA known as the per-diem allowance, which is a daily payment for lodging, meals, and related incidental expenses.⁴ Reimbursement for actual travel

² FTR, chapter 300, parts 1-3, previously 41 C.F.R. 301-304.

³ VA refers to other VA employees working at facilities as "tenants." Some VA facilities process travel vouchers for their tenants.

⁴ GSA issues per-diem allowances for domestic travel and the Department of State issues per-diem allowances for foreign destinations.

expenses up to 300 percent of per diem is also permitted under special circumstances with proper justification.

Scope and Methodology

To describe how VA formulates its travel budget requests, we asked officials representing six appropriations accounts⁵ and four revolving funds⁶ with travel budgets to explain how they formulated their travel budget requests from fiscal year 1993 through 1999. We also interviewed VHA and VBA budget officials, and reviewed OMB budget guidance.

Because VA's travel appropriations are not specifically identified in the department's appropriations act, VA provided us the amounts for travel included in its appropriations accounts after appropriations were enacted, as well as actual travel expenditures. We did not verify this information.

To determine whether VA's use of excess travel funds was in accordance with the Senate Appropriations Committee's guidance regarding reprogramming, we reviewed VA appropriations statutes, congressional appropriations committee reports, reprogramming guidance, and decisions of the Comptroller General regarding reprogramming. We also interviewed appropriations committee staff and VA budget and general counsel officials.

To gain an understanding of VA's internal controls over temporary duty travel, we interviewed VA's travel policy chief and officials involved in preparing the department's internal controls reports and officials from VBA's Office of the Chief Financial Officer and VHA's Office of the Chief Network Officer. We also interviewed GSA travel management policy officials and reviewed the FTR for temporary duty travel and travel system requirements reports issued by the Joint Financial Management Improvement Program (JFMIP).⁷ In addition, we reviewed VA's Federal Managers' Financial Integrity Act reports and the Office of Management and Budget's (OMB) and our guidance on internal control standards. Further, we reviewed our previous reports issued on travel and internal controls matters. We also contacted VA OIG officials about their investigations of employee travel and reviewed related OIG reports.

⁵ The six appropriations accounts are VHA Medical Care; VHA Medical and Prosthetic Research; VHA Medical Administration and Miscellaneous Operating Expenses; General Operating Expenses, including VBA, the Office of General Counsel, Board of Veterans' Appeals, and Board of Contract Appeals; National Cemetery Administration; and the Office of Inspector General (OIG).

⁶ The four revolving funds are VHA Medical Care Cost Recovery (MCCR) Fund, Supply Fund, Canteen Service, and Franchise Fund.

⁷ JFMIP is a joint cooperative undertaking of the Office of Management and Budget, GAO, and the Office of Personnel Management to improve financial management in the government.

To determine whether VA has adequate internal controls over the authority it grants to certain officials to authorize and approve their own travel (delegated travel authority) and employees who are issued limited open travel authorizations, we reviewed the FTR and VA's travel policies on delegated travel authority and limited open travel authorizations. We reviewed travel files of officials who exercised their delegated travel authority and/or employees who had limited open travel authorizations at facilities within 4 VISNs, which included 15 medical centers, and 4 VBA regional offices (representing 23 VA field facilities) to determine the adequacy of internal controls over these authorities. The travel files we reviewed covered a 16-month period during fiscal years 1998 and 1999 (through January 31, 1999). In reviewing the travel files of officials who exercised delegated travel authority, we compared their travel practices to VA's travel policies and the FTR.

To assess internal controls over the issuance and usage of limited open travel authorizations, we collected data on the number of employees who were issued limited open travel authorizations and their frequency of travel. We reviewed the frequency of travel by all employees with limited open travel authorizations at the locations included in our review, except for at one location where we selected a random sample of travelers. We compared the issuance of limited open travel authorizations to VA's travel policy and the FTR. In the instance when we found a conflict between VA travel policy and the FTR regarding the period of revalidating limited open travel authorizations, we used the FTR, which takes precedence in this instance.

We reviewed the travel files of officials who may have exercised delegated travel authority and employees who were issued limited open travel authorizations for this 16-month period and interviewed travel and financial staff on site at VHA medical centers in Baltimore, MD; Bay Pines, FL; Dallas, TX; Loma Linda, CA; Long Beach, CA; Los Angeles, CA; Martinsburg, WV; San Diego, CA; and Tampa, FL; VISN executive offices in Linthicum, MD; Bay Pines, FL; Grand Prairie, TX; and Long Beach, CA; and VBA regional offices in Bay Pines, FL; Los Angeles, CA; Roanoke, VA; and Waco, TX. At our request, six other VHA facilities that were part of the four VISNs we selected provided travel files for our review regarding officials who may have exercised delegated travel authority and data on the frequency of travel by employees with limited open travel authorizations. These six facilities included VHA medical centers in Gainesville, FL; Lake City, FL; Las Vegas, NV; Miami, FL; San Juan, Puerto Rico; and West Palm Beach, FL. The sites included in our review were selected judgmentally to achieve geographic dispersion and to meet the

subcommittee's request that we visit certain offices. The results of our travel file reviews, both at the facilities we visited and from those sites that provided data at our request, are not projectable to the department.

We also surveyed all of VHA's 22 VISN offices, which included 172 medical centers, 58 VBA regional offices, and the VHA and VBA Central Office to determine the extent to which limited open travel authorizations had been issued to employees during the 16-month period. We received a 100 percent response rate to our survey.

We did our work at VA's Central Office in Washington, D.C., and its field facilities, which we visited from October 1998 through June 1999, in accordance with generally accepted government auditing standards. We provided a draft of this report to the Secretary of VA for review and comment. We received written comments from VA's Assistant Secretary for Planning and Analysis that are reprinted in appendix II. We discuss these comments in the report where appropriate and in the agency comment section at the end of this report.

VA Travel Budget Requests

VA's total budget requests for travel, as contained in the President's budget submissions to Congress,⁸ were comprised of estimates developed separately for six appropriations accounts and four revolving funds. In formulating their travel budget requests, managers of these accounts and revolving funds reported that they generally considered the prior year's actual travel expenditures, adjustments for inflation, and expected initiatives or workloads. VA budget officials said that the provision of VA's appropriations act limiting the department's travel expenditures to the amounts requested for travel in the President's budget submissions affected the way they formulated their travel budget requests. The officials also said that the limitation caused them to formulate travel budget requests that were large enough to ensure that the legal limitations would not be exceeded.⁹ VA's travel budget requests have exceeded the department's actual travel expenditures by millions of dollars in recent years. However, as travel expenditures have increased in recent years, the

⁸ Hereafter in this report, VA's total funding estimate for travel will be referred to as "VA's travel budget request."

⁹ For many years, the annual appropriations acts that contain VA's appropriations have included a general provision that limits the amounts VA and other agencies covered by the act can spend on travel expenses. For example, the fiscal year 1998 Appropriations Act containing VA's appropriation, P. L. No. 105-65, 11 Stat. 1344, 1381, provides that VA's travel expenditures may not exceed the amounts set forth in the budget requests submitted for the various appropriations accounts. If actual appropriations exceeded the amount requested, expenditures may exceed the budget request by the same proportion. The VA OIG is specifically exempt from the limitation. VA's revolving funds are also not subject to the limitation because they do not receive direct appropriations.

gap between VA's travel budget requests and actual travel expenditures has narrowed.

VA's Formulation of its Travel Budget Request

VA's travel budget request was comprised of estimates prepared for six appropriations accounts: (1) VHA Medical Care, (2) VHA Medical and Prosthetic Research, (3) VHA Medical Administration and Miscellaneous Operating Expenses, (4) VA General Operating Expenses, including VBA, (5) National Cemetery Administration, and (6) OIG, and four revolving funds that do not receive direct appropriations: (1) VHA's Medical Care Cost Recovery Fund (MCCR), (2) Supply Fund, (3) Canteen Service, and (4) Franchise Fund. At our request, managers of these accounts and revolving funds provided written explanations of how they formulate their travel budget requests. Generally, they reported that they mainly consider the prior year's actual travel expenditures, adjustments for inflation, and expected initiatives or program changes. Representatives from these accounts and funds provided the following descriptions of how their travel budgets were prepared:

- VHA, which requested 81 percent of VA's total travel budget request in fiscal year 1998,¹⁰ reported that it considers projected inflation, historical obligation trends, and the impact of requested initiatives for its three appropriations accounts and one revolving fund.¹¹ VHA also noted that VA budget policy guidance does not provide any specific instruction on preparation of travel budget requests. In addition, VHA budget officials said that the provision of VA's appropriations act, which limits the department's travel expenditures to the amounts requested for travel in the President's budget submission for the various appropriations accounts, affected the way they formulated their travel budget requests. The officials also said that the limitation caused them to formulate travel budget requests that were large enough to ensure that the legal limitations would not be exceeded.
- The Office of the Deputy Assistant Secretary for Budget reported that its formulation of the General Administration portion of the General Operating Expenses appropriation (excluding VBA) is based primarily on the prior year's travel budget request, plus adjustments for inflation. VBA did not identify any specific method of formulating its travel budget

¹⁰ Excluding the revolving funds.

¹¹ These are the Medical Care, Medical and Prosthetic Research, Medical Administration and Miscellaneous Operating Expenses accounts, and the MCCR revolving fund. VHA reported that the travel budget for MCCR, which was terminated in 1997, was based on estimated needs for managing and completing specific projects or initiatives.

request but said it was based on the department's "call memorandum" for the internal budget. The call memorandum requires travel estimates to be broken out by category of travel, such as conferences, training, and program travel, and supported with narrative justification.

- The National Cemetery Administration (NCA) said it considers recurring operational requirements and key management initiatives requiring travel funds, plus actual travel expenses from prior years.
- The OIG indicated that its travel budget request is influenced by many factors, including personnel strength, tactical and strategic plans, external demand for services, economic assumptions on cost, and historical experience. OIG noted that formulating its travel budget is difficult because of unanticipated work that can result from hotline complaints or congressional requests.
- The Supply Fund's manager said that its travel budget is based primarily on the prior year's travel budget, plus adjustments for inflation and program initiatives.
- The Franchise Fund's manager reported that it considers the prior year's actual travel expenditures, plus current and future business and customer service needs.
- The Canteen Service's manager said the starting point for its travel budget is what was actually spent in the prior year, which may be adjusted for workload and training needs, as well as additional personnel.

Travel Budget Requests, Actual Expenditures, and Appropriations

VA's travel budget requests have exceeded its actual travel expenditures by millions of dollars in recent years. Although VA's travel budget request has averaged about \$70 million annually since 1996,¹² the department's travel expenditures have increased from about \$44 million in fiscal year 1996 to nearly \$62 million in fiscal year 1998. These increased travel expenditures have narrowed the difference between VA's travel budget request and actual travel expenditures. VA's travel budget requests exceeded actual travel expenditures by about \$28 million in 1996, over \$11 million in 1997, and over \$5 million in fiscal year 1998. VA's travel appropriations have also exceeded actual travel expenditures by at least \$9 million in each of the last 3 fiscal years. VA's budget requests, appropriations, and actual expenditures for travel from fiscal year 1993 through 1999 are contained in appendix I.

¹² Excluding the revolving funds, which do not receive direct appropriations.

In analyzing the most recent travel budget requests for individual VA appropriations accounts, the differences between travel budget requests and actual travel expenditures have been greater for VA's three VHA appropriations accounts (Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expenses)¹³ than for VA's three other appropriations accounts (General Operating Expenses, including VBA; National Cemetery Administration, and OIG). In fiscal year 1998, for example, the travel budget request for VHA's Medical Care account exceeded actual travel expenditures by \$6.3 million, or 14 percent (\$51.7 million budget request versus actual travel expenditures of \$45.4 million). Also in fiscal year 1998, VHA's travel budget request for Medical Administration and Miscellaneous Operating Expenses account exceeded actual travel expenditures by \$139,000, or 18 percent (\$903,000 budget request versus actual travel expenditures of \$764,000).

By comparison to VHA's appropriations accounts, VA's General Operating Expenses account (including VBA) had a budget request that was about 6 percent or \$641,000 less than actual travel expenditures in fiscal year 1998 (\$10.7 million budget request versus actual travel expenditures of \$11.3 million).¹⁴ The National Cemetery Administration account had a budget request in fiscal year 1998 that was 7 percent or \$42,000 more than it spent on travel (\$625,000 budget request versus actual travel expenditures of \$583,000).

Reprogramming Excess Travel Funds

From fiscal year 1993 through 1998, managers of VA's appropriations accounts switched (reprogrammed) over \$61 million in excess travel funds to other object classes.¹⁵ Reprogramming is the utilization of funds in an appropriation account for purposes other than those budgeted or projected at the time the appropriation was made (e.g., it is shifting funds from one object class to another within an appropriation.)¹⁶ Therefore, VA's reprogrammed funds represented the difference between the amounts included for travel in VA's appropriations accounts and actual travel expenditures. Tables 1 and 2 show the amount of excess travel

¹³ Since fiscal year 1993, VHA represented at least 67 percent of VA's travel budget requests. Moreover, VHA's Medical Care account's share of VA's travel budget requests has increased from 60 percent in fiscal year 1993 to 77 percent in fiscal year 1998.

¹⁴ VA's General Operating Expenses account received an appropriation of \$11.6 million in fiscal year 1998—\$943,000 more than it had requested in its budget submission to Congress.

¹⁵ Object class codes identify the obligations of the federal government by the types of goods or services purchased and are a means of monitoring how agencies spend their money.

¹⁶ See unpublished Comptroller General Decision, B-278121, Nov. 7, 1997.

funds reprogrammed by appropriation account in each year from fiscal year 1993 through 1998 in nominal and constant dollars, respectively.

Table 1: VA Excess Travel Funds Reprogrammed From Fiscal Years 1993 Through 1998 (In nominal dollars)

Accounts/Funds	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Total
VHA							
Medical Care	\$944,000	\$1,301,000	\$4,350,000	\$19,372,000	\$9,985,000	\$9,197,000	\$45,149,000
Medical & Prosthetic Research	1,387,000	(24,000) ^a	429,000	1,360,000	192,000	(88,000) ^a	\$3,256,000
Medical Administration and Miscellaneous Operating Expenses	91,000	296,000	(28,000) ^b	(140,000) ^b	(13,000) ^b	139,000	\$345,000
VHA subtotal:	\$2,422,000	\$1,573,000	\$4,751,000	\$20,592,000	\$10,164,000	\$9,248,000	\$48,750,000
General Operating Expenses (includes VBA)	1,031,000	2,693,000	1,563,000	3,496,000	1,437,000	302,000	\$10,522,000
National Cemetery Admin.	31,000	30,000	18,000	133,000	10,000	42,000	\$264,000
Office of Inspector General	439,000	787,000	467,000	340,000	(156,000) ^c	(234,000) ^c	\$1,643,000
Total	\$3,923,000	\$5,083,000	\$6,799,000	\$24,561,000	\$11,455,000	\$9,358,000	\$61,179,000

^aAlthough VA budget data provided indicated that \$24,000 in fiscal year 1994 and \$88,000 in fiscal year 1998 were reprogrammed into travel for Medical and Prosthetic Research, those amounts were available for obligation for 2-year periods and therefore did not exceed the statutory limitation.

^bVA's statutory limit on travel expenditures was not exceeded in this year because the budget submission for this account was larger than actual appropriations.

^cVA's OIG is exempt from the statutory limitation on travel expenditures.

Source: VA Budget Office and GAO calculations of reprogrammed funds.

Table 2: VA Excess Travel Funds Reprogrammed From Fiscal Year 1993 Through 1998 (In constant 1999 dollars)

Accounts/Funds	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Total
VHA							
Medical Care	\$1,052,000	\$1,416,000	\$4,623,000	\$20,200,000	\$10,220,000	\$9,299,000	\$46,810,000
Medical & Prosthetic Research	1,546,000	(26,000) ^a	456,000	1,418,000	197,000	(89,000) ^a	\$3,502,000
Medical Administration and Miscellaneous Operating Expenses	101,000	322,000	(30,000) ^b	(146,000) ^b	(13,000) ^b	141,000	\$375,000
VHA subtotal:	\$2,699,000	\$1,712,000	\$5,049,000	\$21,472,000	\$10,404,000	\$9,351,000	\$50,687,000
General Operating Expenses (includes VBA)	1,149,000	2,930,000	1,661,000	3,645,000	1,471,000	305,000	\$11,161,000
National Cemetery Admin.	35,000	33,000	19,000	139,000	10,000	42,000	\$278,000
Office of Inspector General	489,000	856,000	496,000	355,000	(160,000) ^c	(237,000) ^c	\$1,799,000
Total	\$4,372,000	\$5,531,000	\$7,225,000	\$25,611,000	\$11,725,000	\$9,461,000	\$63,925,000

^aAlthough VA budget data provided indicated that \$26,000 in fiscal year 1994 and \$89,000 in fiscal year 1998 were reprogrammed into travel for Medical and Prosthetic Research, those amounts were available for obligation for 2-year periods and therefore did not exceed the statutory limitation.

^bVA's statutory limit on travel expenditures was not exceeded in this year because the budget submission for this account was larger than actual appropriations.

^cVA's OIG is exempt from the statutory limitation on travel expenditures.

Source: VA Budget Office and GAO calculations of reprogrammed funds.

As shown in tables 1 and 2, VHA's Medical Care account generally represented the largest share of reprogrammed funds, compared with other VA accounts that received appropriated funds. From fiscal years 1993 through 1998, over \$45 million in excess travel funds was reprogrammed from VHA's Medical Care account, or about 74 percent of the over \$61 million that all VA appropriations accounts reprogrammed during that 6-year period. The next largest amount reprogrammed was over \$10 million, or about 18 percent, from VA's General Operating Expenses account during the same 6-year period.

Between fiscal year 1993 and 1999, the General Operating Expenses account experienced the largest difference between its travel budget request and actual travel expenditures in fiscal year 1996, when the General Operating Expenses travel budget request exceeded actual travel expenditures by more than \$7 million, or 80 percent. According to VBA, which is included in the General Operating Expenses account, VA was funded through Continuing Resolutions during the first 6 months of fiscal year 1996 and travel was held to a minimum. During fiscal year 1996, VHA's Medical Care account had a \$19 million, or a 63 percent, difference between its travel budget request and actual expenditures. VHA budget officials said this difference occurred because of the unknown impact of VHA's reorganization into VISNs and because of the government's temporary shutdown in 1996. However, VHA's Medical Care travel budget request continued to exceed actual travel expenditures after fiscal year 1996, by nearly \$10 million in fiscal year 1997 and \$6.3 million in fiscal year 1998.

In commenting on the reprogramming of excess travel funds for the Medical Care account, VHA indicated that the issue should be viewed in the context of overall Medical Care obligations. VHA noted, for example, that the \$9.2 million it reprogrammed in 1998 represented only 0.05 percent of total Medical Care obligations. Further, VHA officials said they believed their managers should have the flexibility to determine how these funds should best be spent on providing healthcare for veterans.

Excess travel funds in the VA accounts listed in tables 1 and 2 were reprogrammed into other object classes, where the funds were disbursed for expenses such as salaries and equipment. VA officials said that specific uses or purchases with the excess travel funds could not be identified because (1) each account's spending plans for general operating expenses are not fixed and the money can be moved around between categories of spending; (2) spending needs change throughout the fiscal year, and changes in spending plans may not be attributable to excess travel funds;

and (3) general operating expense accounts are very large, compared with the amount of excess travel funds.

A recurring directive that appears in Senate Appropriations Committee reports directs VA to “notify the chairman of the Committee prior to each reprogramming of funds in excess of \$250,000 between programs, activities, or elements”¹⁷ In commenting on a draft of this report, VA officials said that VA does not view switching excess travel funds to other object classes to be reprogramming that is covered by the Senate Committee report language; and, therefore, VA has not notified the committee when such switches occur.

We do not agree with VA for several reasons. First, as defined by the Glossary of Terms Used in the Federal Budget Process,¹⁸ reprogramming is the “[s]hifting of funds within an appropriation or fund account to use them for different purposes than that contemplated at the time of appropriation (for example, obligating budgetary resources for a different object class from the one originally planned).” Second, although the language in the Senate committee reports directs VA to notify the committee of reprogramming of programs, activities, or elements exceeding \$250,000, there is nothing in the committee report to indicate that the committee used such language in an attempt to modify the generally accepted definition of reprogramming set forth above, or otherwise to exclude reprogramming of funds from one object class to another that exceeded the \$250,000 threshold. Third, congressional concern about VA’s travel and the way in which it uses those funds is evident from its long-standing inclusion of a provision in VA’s annual appropriations acts that limits VA’s travel expenditures to the amounts requested for travel in the President’s budget submission.

It should be noted that the committee report language regarding reprogramming, which directs the agency to notify the committee of reprogrammings above the \$250,000 threshold, does not have the force and effect of law and is not legally binding on an agency.¹⁹ We also note that VA plans to reconfirm with the committee the activities for reprogramming notification as well as discuss an adjustment to the thresholds.

¹⁷ For example, see Senate Report 105-53, July 17, 1997, for the fiscal year 1998 appropriation for VA.

¹⁸ U.S. General Accounting Office (GAO/AFMD-2.1.1, Jan. 1993) (Exposure Draft).

¹⁹ See Blackhawk Heating and Plumbing Co. v. United States, 622 F 2d 539,548 (Ct. Cl. 1980).

Internal Controls Over Limited Open Travel Authorizations and Delegated Travel Authority

VA's travel policy allows employees who are frequent travelers to be issued limited open travel authorizations, which permit them to travel without preparing travel authorizations on a trip-by-trip basis. Our review of travel files within four VISNs and four VBA regional offices indicated that these facilities had issued limited open travel authorizations to employees who were not frequent travelers. Our review also revealed that the frequency of employees' travel was not being reevaluated before reissuing the limited open authorizations, which violates VA travel policy. VA's travel policy also delegates authority to many of its top officials to authorize and approve their own travel. We found that no VA Central Office officials monitored the travel files of field employees who had limited open travel authorizations or those who were delegated travel authority, except when the employees' travel was the subject of an investigation that resulted from allegations of wrongdoing made to the OIG. This lack of review suggests internal control weaknesses that could hinder VA's ability to prevent or detect abuse or noncompliance with its travel policies.

Limited Open Travel Authorizations

According to VA's travel policy, limited open travel authorizations²⁰ may be issued to employees whose "duties require frequent travel of a repetitive nature."²¹ VA's travel policy does not define "frequent travel," but the department's travel policy chief defined frequent travel in the context of limited open travel authorizations to be at least an average of one trip per month.²² The policy also states that "an employee named in a limited open authorization is permitted to perform temporary duty travel without further authorization under certain specified conditions, which

²⁰ VA's travel policy also allows certain top officials to have unlimited open travel authorizations. Under the policy, an employee with an unlimited open travel authorization is permitted to "perform temporary duty travel without further authorization." Unlimited open travel authorizations are restricted to top officials in VA's Central Office. VA reported that three VHA Central Office top officials and three VBA Central Office top officials had unlimited open travel authorizations in fiscal year 1999. Officials who may use unlimited open travel authorizations include the Secretary and assistants; Deputy Secretary and assistants; Under Secretaries, their deputies and executive assistants; Assistant Secretaries; Director, National Cemetery Administration; Medical Inspector, and other key officials. According to VA's travel policy chief, "other key officials" include the General Counsel, Inspector General, Chairman of the Board of Veterans Appeals, and the Chairman of the Board of Contract Appeals.

²¹ The policy indicates that open authorizations will not be used for foreign travel, entitlement or permanent change of station travel, preemployment interview travel, or to attend national meetings, conferences, and conventions of national service organizations as representatives of VA.

²² Under the FTR before it was revised in July 1998, limited open travel authorizations could be issued to employees whose duties required "frequent repetitive travel." The FTR contained no specific definition of frequent repetitive travel, and, according to GSA, it was incumbent upon agencies to determine what constituted frequent repetitive travel. The term "frequent repetitive travel" was removed from the revised travel regulations.

should include realistic limitations on purposes, geographic areas, trip duration, and costs.”²³

VA’s travel policy requires that “all limited open authorizations must be reviewed at the beginning of each fiscal year, and, if it is determined that the authorization is still necessary, it will be revalidated by the designated official.” VA’s yearly revalidation requirement conflicted with the FTR, which, prior to its July 1998 revision, provided that limited open travel authorizations should be revalidated quarterly.²⁴ VA’s policy also did not indicate that limited open travel authorizations should specify the number of permissible trips, as was required under the FTR before July 1998.

VA did not maintain data on the number of VA employees who were issued limited open travel authorizations. However, we surveyed all VHA and VBA facilities, which reported that 986 VHA field employees and 981 VBA field employees were issued limited open travel authorizations in fiscal year 1998. VA reported that no Central Office VHA or VBA employees had limited open travel authorizations. Responses to our survey also indicated that VA employees who were issued limited open travel authorizations were employed at grade levels ranging from General Service (GS)-5 to executive-level officials.

The limited open travel authorizations that we reviewed indicated that they were issued so that employees could perform the duties of their positions or were to be used by employees for specific purposes, such as making site visits, providing home-health care to patients, and conducting training. Geographic limitations contained in the limited open travel authorizations restricted employees from traveling to areas within the VISN or region; particular cities, counties, or states; or the continental United States. The authorized duration of trips ranged from 2 to 31 days.

²³ Before the FTR was revised in July 1998, under section 301-1.102 (a)(2), agencies were instructed that a limited open authorization should include realistic limitations on purpose(s), geographic area(s), number of trips(s), trip duration, and costs. This requirement was removed from the revised regulations. However, the revised regulations in FTR section 301-71.103 provide that open authorizations should include an estimate of the travel costs over the period covered.

²⁴ Although the FTR was revised in July 1998, VA is still following a 1995 travel policy that implemented the prior set of federal travel regulations. Since 1995, VA has issued revisions to the travel policy manual, but none related to delegated travel authority or limited open travel authorizations. The revised FTR states that agencies must determine what internal policies and procedures must be established for travel authorizations (FTR section 301-71.108) consistent with the guidelines in the regulations. Therefore, according to GSA, under the revised FTR, agencies have the discretion to determine if and when it will review and revalidate open travel authorizations. Although the revised FTR does provide agencies with greater discretion in this regard, VA has not exercised this discretion by revising its travel policy regarding limited open travel authorizations.

Of the 23 VA field facilities in our review,²⁵ we found that 3 facilities issued limited open travel authorizations on a quarterly basis, 9 issued them yearly, and the remaining 11 facilities did not issue any limited open travel authorizations in fiscal year 1998. The facilities that issued limited open travel authorizations on a quarterly basis limited travelers to spending between a range of \$9.50 to \$10,000 per quarter, while those facilities that issued the limited open travel authorizations on a yearly basis limited travelers to spending from a range of not specifying any cost limits to \$10,000 per year.

Our review of travel files from the 23 VA field facilities indicated that many employees with limited open travel authorizations were not frequent travelers. VA's travel policy manual does not define "frequent travel," but we used the definition of frequent travel provided to us by VA's travel policy chief. The travel policy chief defined frequent travel in the context of limited open travel authorizations as an average of at least one trip per month.

The 23 VA field facilities in our review issued limited open travel authorizations to 296 employees in fiscal year 1998. We collected data on the frequency of travel on 239²⁶ of the 296 employees during fiscal year 1998 and found that 220 of the 239 employees (92 percent) traveled less than an average of once per month.

Included in our review of the 239 limited open travel authorizations were the following examples of limited open travel authorizations being issued to employees who were not frequent travelers in fiscal year 1998:

- At one VBA regional office, 65 of 67 employees with these authorizations traveled less than an average of once a month.
- At another VBA regional office, we reviewed a random sample of 15 of those 72 employees' travel files and found that 14 of the 15 employees took 2 or fewer trips during the fiscal year.
- At a medical center, all 26 employees with this authorization traveled less than an average of once a month. Moreover, 17 of these 26 employees

²⁵ The 23 field facilities comprised the 4 VISNs, which included 15 medical centers, and 4 VBA regional offices.

²⁶ We collected data on a random sample of employees at one facility that had issued limited open travel authorizations to 72 employees. At that facility, we reviewed the frequency of travel by every fifth employee.

took no trips during that fiscal year.

- At another medical center, 23 of 25 employees with these authorizations traveled less than an average of once a month. Further, 16 of the 25 employees traveled 4 times or less during the fiscal year.
- At a third medical center, 31 of 32 employees took 3 or fewer trips during the fiscal year.

VA officials at the facilities we visited where limited open travel authorizations were issued said the purpose of issuing them was to save time by avoiding the preparation of travel authorizations for each trip or to allow for travel on a moment's notice. They said in the past, travel authorizations were prepared in a time-consuming manner using a typewriter and required making several carbon copies. Some officials acknowledged that certain employees were being issued limited open travel authorizations who were not frequent travelers. The officials explained that some limited open travel authorizations continued to be issued to employees whose positions involved travel in the past, but no longer did. They added that the practice of issuing the limited open travel authorizations had continued without reevaluating the employees' current travel requirements or the relative ease of preparing travel authorizations on a per-trip basis using an automated travel system.

At VA facilities where few or no limited open travel authorizations were issued, officials said they discouraged using this type of authorization because (1) funds expended under the authorizations are difficult to track and (2) employees may not be knowledgeable about federal travel regulations and per-diem rates, which could result in violations of the FTR and claims for nonreimbursable expenses. Other VA officials said their employees were not considered to be frequent travelers and did not ask to be issued limited open travel authorizations.

Other Problems Associated With Limited Open Travel Authorizations

We also found the following examples of other problems associated with limited open travel authorizations, which violated VA travel policy:

- An official at one VBA regional office said the office did not obligate all of the funds contained in the limited open travel authorizations. Rather, the official said the office obligated the amount of money contained in its travel budget, which was a smaller amount than the sum of all of the amounts contained in the limited open travel authorizations. Before its 1998 revision, the FTR required agencies to obligate travel cost estimates

contained in open travel authorizations.²⁷ Under the current FTR, travel authorizations are to “provide financial information necessary for budgetary planning.”²⁸ Although not stated explicitly in VA’s travel policy manual, according to VA’s travel policy chief and VBA’s Finance Director, funds contained in limited open travel authorizations must be obligated when the authorizations are issued.

- One medical center allowed its tenant employees with limited open travel authorizations to exceed the amounts contained in their limited open travel authorizations, and the medical center had to obligate additional funds after the travel was taken.
- Another medical center allowed employees with limited open travel authorizations to redelegate their authority to other employees, which violates federal travel regulations. Before the FTR’s 1998 revision, travel authorizations could be issued only to an employee and not to a position. The revised travel regulations state that agencies must determine what internal policies and procedures must be established for travel authorizations, including the circumstances under which different types of travel authorizations will be used. However, the regulations also state that all travel authorizations must include the name of the employee authorized to travel.²⁹
- At 2 of the 23 VA facilities included in our review, limited open travel authorizations were issued for \$350 or less per year. Two other facilities issued limited open travel authorizations for less than \$100 per quarter. This appeared to conflict with VA’s travel policy requirement that limited open travel authorizations be issued to frequent travelers, given the costs of travel.
- Of the 23 VA facilities included in our review, 3 issued limited open travel authorizations that did not contain any monetary limitations; 6 issued them without geographic limitations; 3 facilities issued limited open travel authorizations without specifying the trip duration; and none of the facilities issued limited open travel authorizations specifying the permissible number of trips. These authorizations conflicted with VA’s travel policy requirement that limited open travel authorizations contain realistic limitations on costs, geographic travel areas, and duration of trips.

²⁷ FTR section 301-1.102(d).

²⁸ FTR section 301-71.100 (c).

²⁹ FTR section 301-71.103(a).

The FTR before its July 1998 revision required that limited open travel authorizations specify the permissible number of trips.

- In fiscal year 1998, 9 of the 23 facilities in our review issued limited open travel authorizations yearly, rather than being reviewed and revalidated at least quarterly, as was required by the FTR before July 1998.³⁰ In this case, we applied the requirement in the FTR, rather than the VA's policy, since the FTR's more stringent requirement is controlling. Under the revised FTR, agencies have the discretion to determine if and when it will review and revalidate open travel authorizations. Therefore, currently, VA's travel policy regarding the annual review requirement is permissible.

Delegated Travel Authority

VA's travel policy delegates authority to many officials holding top positions to approve their own travel authorizations prior to travel and to approve their own travel vouchers to claim reimbursement for expenses incurred. These officials include VA's field facility directors, such as the directors of VHA's 172 medical centers and 22 VISN offices, as well as VBA's 58 regional offices. At our request, VA also provided data indicating that officials holding 100 Central Office positions have delegated travel authority. Table 3 lists the VA positions with delegated travel authority.

³⁰ FTR Section 301-1.102(a)(2).

Table 3: VA Officials With Delegated Travel Authority

Title	Salary level^a
Deputy Secretary	EX-II
Chief of Staff	SES-6
Under Secretaries	EX-III
Under Secretaries' Deputies, VHA Assistant Under Secretaries, and VBA Associate Deputy Under Secretaries	SES or GS-15
Assistant Secretaries	EX-IV
Deputy Assistant Secretaries	SES 5-6
Other Key Officials ^b and their Deputies	EX-IV, SES 4-6, or GS-15
VHA and VBA Chief Office Directors, VBA Chief of Staff	SES 4-6
VHA and VBA Service Directors	GS 14-15
VHA VISN Directors, NCA Area Directors, and their Deputies	SES 4-5, GS 14-15
Veterans Canteen Service Director	Own pay system; equivalent of GS 13-14
Regional Councils	GS-15
Field Facility Directors ^c and Chief of Staff at VHA Facilities when designated by the Director	SES 1-4
Field Facility Directors' Associates and Assistants	GS 14-15

Note: The Secretary also may authorize and approve his/her own travel.

^aEX is Executive Schedule. SES is Senior Executive Service.

^bIncludes the General Counsel, Inspector General, Chairman of the Board of Veterans Appeals, and the Chairman of the Board of Contract Appeals.

^cIncludes directors of medical centers, regional offices, regional and insurance centers, automation center, finance center, domicilliaries, outpatient clinics, supply depots and the National Acquisition Center.

Source: VA travel policy office.

VA does not maintain data on the number of top officials who actually authorize or approve their own travel. Our review of travel files from 23 field facilities indicated that 12 of those facilities' directors approved their own travel. The other 11 directors had their travel vouchers approved by other officials, such as their associate directors or operations staff.

VA travel policy provides that travelers may spend up to 150 percent of the per-diem rate under special circumstances and that "procedures shall be established by each authorizing official to ensure that actual subsistence expense reimbursement . . . is properly administered to prevent abuse . . ." The policy also states that "an appropriate review of the justification for travel on an actual subsistence expense basis shall be made." However, our review of travel files from 23 facilities found 5 officials who approved their own travel vouchers making claims for actual expenses that

exceeded per-diem allowances without providing any justification.³¹ These vouchers only listed the actual expenses claimed and did not justify or explain the circumstances for exceeding per diem. We found no written procedures in place at these facilities to ensure that actual subsistence expense reimbursement was properly administered. Further, although the claims were processed for reimbursement by travel clerks, the vouchers were not reviewed by the travelers' supervisors.

An amendment to VA's travel policy, dated August 7, 1997, allows authorization and approval of up to 300 percent of the per-diem rate within the continental United States on an actual subsistence basis and may only be used when "special or unusual circumstances result in an extreme increase in subsistence costs for a temporary period." The policy also states that amounts exceeding 150 percent of per diem "shall not be authorized or approved without technical advice from the travel policy section."

However, of the four VISN Directors' travel files we reviewed, we found that two VISN Directors exceeded 150 percent of per diem in lodging without receiving approval from VA's travel policy section, as required. One VISN Director, who approved his own travel vouchers, claimed hotel expenses of \$260 per night in Washington, D.C., in June 1998, when the lodging allowance was \$126; and \$191 per night in New Orleans in October 1998, when the lodging allowance was \$88.³² This VISN Director's travel vouchers did not provide any explanation for incurring expenses over the per-diem allowance. Another VISN Director who did not approve his own travel voucher, claimed a hotel expense of \$174 per night in New Orleans in October 1998, when the lodging allowance was \$88.³³ During an interview with VA's travel policy chief, we were told that field facilities must make their requests to exceed 150 percent of per diem to her office in writing and that a file was maintained of these requests. We reviewed the travel policy office's files regarding requests to exceed 150 percent of per diem and found only four such requests during fiscal years 1998 and 1999, and none of the requests for approval to exceed 150 percent of per diem were from the two VISN Directors whom we found had exceeded 150 percent of per diem.

³¹ These officials also signed their own travel authorizations for these trips.

³² This VISN Director took 30 trips in fiscal year 1998 and 9 in fiscal year 1999 (through January 31, 1999).

³³ This VISN Director took 18 trips in fiscal year 1998 and 8 in fiscal year 1999 (through January 31, 1999).

Further, we found that another VISN Director had issued a blanket temporary authorization for all employees of that VISN traveling to a particular county to incur lodging expenses up to 200 percent of the lodging allowance for that county. This action was taken in response to action by GSA to lower the lodging allowance in that county.³⁴ The travel policy section's files of requests to exceed 150 percent of per diem did not contain a request from this VISN regarding this matter. VA's travel policy chief said this VISN Director should have sought approval from the travel policy section regarding this temporary blanket authorization.

Internal Controls

The Federal Managers' Financial Integrity Act (FMFIA) of 1982³⁵ requires agencies to establish internal accounting and administrative controls in accordance with standards prescribed by the Comptroller General and evaluate these controls in accordance with guidelines issued by OMB. The act also requires that (1) the Comptroller General issue standards for federal agencies internal accounting and administrative control systems and (2) the Director of OMB issue guidelines for agencies to use in evaluating these systems.

In 1982, OMB issued these guidelines in Circular A-123 (updated in 1995), which indicated, among other things, that agency managers should continuously monitor and improve the effectiveness of management controls. According to VA internal control staff, travel has never been reported as a material internal control weakness under FMFIA, and no VA staff offices or components have done a systematic review of internal controls over travel. Further, OMB issued Circular A-127,³⁶ which requires federal agencies to conduct annual studies of their automated information systems to identify material internal control weaknesses. We found that VA used at least three different automated systems³⁷ to process employee travel, but it had not conducted annual studies of these systems to detect possible weaknesses.

In 1983, the Comptroller General issued standards for internal controls in the federal government that contained the criteria we used to assess VA's internal controls over delegated travel authority and limited open travel

³⁴ The blanket authorization was issued for 4 months. GSA reconsidered and increased the lodging allowance for that county.

³⁵ P.L. 97-255.

³⁶ OMB Circular No. A-127, Revised July 23, 1993.

³⁷ These systems included PC Travel Enterprise, developed by VA; Travel Manager, developed by GSA; and PerDiemAzing, developed by a private contractor. One of the VA facilities we visited for our review also had developed its own automated travel system.

authorizations. Under the Comptroller General's internal control standards,³⁸ separation of duties is a key internal control that applies to employee travel. These standards require that key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals. To reduce the risk of error, waste, or wrongful acts, or to reduce the risk of them going undetected, no one individual should control all key aspects of a transaction. Rather, duties and responsibilities should be assigned systematically to a number of different individuals to ensure that effective checks and balances exist. Similarly, JFMIP's document entitled "Travel System Requirements" also established a mandatory requirement that agencies' travel systems maintain adequate separation of duties.³⁹ Because VA operates in a decentralized environment, it has delegated management of internal controls to the Administrations (e.g., VHA and VBA, and staff offices). In this regard, VHA and VBA are responsible for ensuring that their field facilities adhere to VA travel policy.

VA's travel policy provides for many of its top officials to be delegated authority to authorize and approve their own travel. We found that this policy was being implemented in the field without compensating controls, which increases the likelihood that errors and abuses may occur and not be detected. Our review determined that no VA Central Office staff, including VHA and VBA Central Office staff, monitored the travel of field employees who had limited open travel authorizations or delegated travel authority, except when their travel was the subject of complaints made to the OIG. An OIG official said that the OIG previously conducted audits of VA field facilities, including travel, but that the site audits ceased about 10 years ago.⁴⁰ However, we believe that compensating internal controls, such as periodically checking the travel vouchers of officials who approve their own travel with an oversight staff could compensate for the lack of separation of duties inherent in VA's delegated travel policy.

The Comptroller General's internal control standards also state that qualified and continuous supervision is to be provided to ensure that

³⁸ Although these standards remain conceptually sound and are used throughout the federal government, they are being updated and enhanced to recognize recent internal control evaluation guidance developed by the private sector with assistance from us and other as well as to give greater recognition to the increasing use of information technology.

³⁹ Mandatory requirements are based on federal laws and regulations. Agencies heads evaluate their systems against these requirements to determine compliance with system requirements under FMFIA.

⁴⁰ An OIG official said that the OIG has conducted reviews of Central Office senior officials' travel as part of the Financial Statement Audit. These reviews were of a sample of Central Office senior officials' travel.

internal control objectives are achieved. Assignment, review, and approval of a staff's work should result in the proper processing of transactions and events, including (1) following approved procedures and requirements; (2) detecting and eliminating errors, misunderstandings, and improper practices; and (3) discouraging wrongful acts from occurring or from recurring. VA's travel policy also requires that limited open travel authorizations be reviewed at the beginning of each fiscal year, and, if it is determined that the authorizations are still necessary, revalidated by the designated official.

As stated earlier in this report, VA's travel policy, which requires that limited open travel authorizations be revalidated annually, conflicted with the FTR, which required a quarterly revalidation prior to its revision in July 1998. Although 12 of the 23 facilities in our review issued limited open travel authorizations in fiscal year 1998, only 3 of the 12 issued them quarterly; this conflict between VA's travel policy and the FTR may explain why 9 other facilities in our review issued these authorizations annually. However, regardless of whether the limited open travel authorizations were issued quarterly or annually, we found that limited open travel authorizations were being reissued routinely without periodic supervisory reevaluation of whether the employees were frequent travelers. For example, at one medical center, we found that 31 of the 32 employees who were issued limited open travel authorizations had taken 3 or fewer trips in fiscal year 1998.

We found one VBA regional office had its own travel policy that appeared to contain opportunities for implementing supervisory internal controls over the use of limited open travel authorizations both before and after the travel occurred. According to the policy, employees with limited open travel authorizations were required to submit itineraries to their supervisors prior to travel. The policy further required that those itineraries, the limited open travel authorizations, and approved travel vouchers must be maintained for 2 years. According to the policy, "the documents will be reviewed periodically to satisfy the requirements for internal controls and related systematic analyses."⁴¹

Other Travel Policy Compliance Issues

During the course of review regarding internal controls over VA's delegated travel policy and the issuance of limited open travel authorizations, we found some other practices that raised questions about compliance with the department's travel policy and the FTR:

⁴¹ This office had not issued limited open travel authorizations to any of its employees in recent years, so we were unable to observe how this policy was being implemented.

Vouchers contained improper signatures for the traveler and the approving official or were not approved for payment by a certifying officer. They included the following:

- At one VBA facility, an assistant to the regional director (a GS-13) was signing as the traveler on the director's travel vouchers. Federal travel regulations require the traveler to affirm by signature or initials that the voucher is correct.⁴²
- At a medical center, we observed that fiscal staff, rather than the traveler's supervisors, were signing travel vouchers as the approving officials. VA travel policy requires employee travel vouchers to be "examined and approved by the employee's supervisor having knowledge of the facts involved in the travel."⁴³
- Another medical center was using an automated travel processing system that did not generate travel vouchers that included space for approval by a certifying officer, and the vouchers were not signed by a certifying official. However, under VA travel policy, a certifying officer should be responsible for reviewing vouchers before payment is made.

Conclusions

VA's travel budget requests have substantially exceeded its actual travel expenditures in recent years. Travel budget requests for VHA's Medical Care account, in particular, do not appear to be realistic estimates of travel expenditures. We recognize that the appropriations provisions that limit VA's travel expenditures to the amounts set forth in the budget requests may have caused VA to overstate its annual travel budget requests. We also recognize that OMB does not provide any specific guidance on the formulation of travel budget requests. However, we believe that the difference between VA's travel budget requests and actual travel expenditures in recent years, particularly in VA's Medical Care appropriations account, has been larger than appears reasonable to avoid exceeding the ceiling on travel expenditures.

By reprogramming millions of dollars in excess travel funds in recent years without notifying the Senate Appropriations Committee, VA has not

⁴² 41 C.F.R. part 301-52.3.

⁴³ VA policy manual, chapter 2, paragraph 18 (b)(1).

adhered to the guidance from that committee directing VA to notify it prior to any reprogramming that exceeds \$250,000. Although VA's failure to notify the committee of reprogrammings that exceed the \$250,000 threshold does not give the committee an adequate opportunity to review VA's plans to use funds in a manner different from the manner proposed when it requested those funds, VA's failure to notify the committee does not constitute a violation of law.

VA lacks adequate internal controls over its limited open travel authorizations and delegated travel authority, resulting in the potential for abuse or noncompliance with requirements. We found instances of limited open travel authorizations not being administered in accordance with VA policy, with respect to the obligation of funds and limitations on purposes, number of trips, geographic areas, trip duration, and costs. We also found a lack of separation of duties and supervision inherent in these policies and that compensating internal controls were not in place to mitigate the risk of abuse or noncompliance with requirements. Compensating controls, such as periodic monitoring or supervisory review, should enable VA to assess whether top officials who are authorizing and approving their own travel are following VA travel policies and making proper expense claims. Another compensating control, periodic reevaluations, should enable VA to determine whether employees with limited open travel authorizations are frequent travelers.

Recommendations

We recommend that the Secretary of VA direct appropriate officials to

- reexamine the budget formulation process, particularly with respect to VHA's Medical Care appropriations account, to determine what steps can be taken to improve the accuracy of the travel budget requests.
- follow congressional guidance directing VA to inform the Senate Appropriations Committee prior to reprogramming more than \$250,000 in excess travel funds and see that any new agreements reached with the committee regarding the activities or amounts subject to reprogramming rules be documented.
- periodically monitor travel taken by employees who may authorize and approve their own travel and employees who have limited open travel authorizations to assess compliance with travel policies and regulations.
- reevaluate the manner in which limited open travel authorizations are administered, including (1) whether funds are being obligated in accordance with VA policy; (2) whether the authorizations contain

reasonable limitations on purposes, geographic areas, trip duration, and costs; and (3) whether the employees who have been issued limited open travel authorizations are expected to be frequent travelers, and if not, revoke or not renew those authorizations.

Agency Comments and Our Evaluation

We requested comments on a draft of this report from VA. In a letter dated August 3, 1999, VA provided us with comments on the draft, which we have reprinted in appendix II. VA disagreed with our first two recommendations to reexamine its travel budget formulation process and to inform the Senate Appropriations Committee regarding the reprogramming of excess travel funds. It agreed with our recommendation to monitor the travel of employees who may authorize and approve their own travel and who have limited open travel authorization. Finally, VA agreed in principle with our recommendation to reevaluate the manner in which limited open travel authorizations are administered.

Reexamine Budget Formulation Process

VA did not concur with our recommendation to reexamine its budget formulation process. The department indicated that its current means of developing a travel estimate for expenditures several years into the future is sound and ensures that funds are available for travel activities affecting areas of immediate importance to veterans or their direct service providers. VA said that its current process considers the department's full range of potential travel needs and to do otherwise could jeopardize travel activities. For example, VA said that with the recent advent of community and hospital-based home care, VA expects an increased use of travel funds. VA stated that because Congress limits travel expenditures to the amounts contained in the President's travel budget requests, VA's travel budget requests invariably result in overstatements of travel needs. In addition, VA stated that events or circumstances beyond the department's control contributed to revised travel estimates after the budget requests were submitted, such as the 1996 government shutdown and the reorganization of VHA. Moreover, VA stated that the amounts of the excess travel funds must be kept in perspective with the overall \$17 billion appropriation that Congress provides for veterans' health care.

We recognize that VA would like to ensure that the limitation on travel expenditures does not have a potentially negative effect on the services provided to veterans and on those who provide such service and that VA's travel limitation can result in some overstatement of travel needs. We also do not disagree with the possible need for increased travel expenses to provide veterans' health care. However, we continue to believe that the size of the difference between VA's travel budget requests and actual travel

expenditures, particularly with respect to VA's Medical Care appropriations account, has been larger than might be considered reasonable to avoid exceeding the limitation. In fiscal year 1998, for example, the travel budget request for VHA's Medical Care account, which represented 77 percent of VA's total budget request for that year, exceeded actual travel expenditures by \$6.3 million, or by about 14 percent. Despite that difference, VA increased the travel budget request for Medical Care by \$3.5 million in fiscal year 1999. Further, our report contained VA's views that the amounts of the excess travel funds should be viewed in relation to the size of the overall Medical Care appropriation and that events in 1996 such as the government shutdown affected travel expenditures that year.

VA also indicated that reexamining its budget formulation process was unnecessary because its travel cap has been "straight-lined" for fiscal years 1999 and 2000 and that it proposes to maintain that level in future budget requests until actual expenditures are closer to the budget request. We note that only the budget request for the Medical Care account is at a constant level for fiscal years 1999 and 2000, while travel budget requests for VA's other appropriations accounts increased by a total of \$8.5 million from \$17.9 million to \$26.4 million during that same period, or a 48 percent increase.

We believe that VA's proposal to achieve a smaller difference between its actual travel expenditures and budget requests is the appropriate goal. However, a constant-level Medical Care travel budget request for fiscal years 1999 and 2000 suggests that VA is not formulating its request for that account based on a thorough consideration of prior years' expenditures and future needs. We are concerned that in the future, after VA ceases use of a constant-level budget request for Medical Care, no assurance exists that a smaller difference will be maintained. Although we focused on increases in travel budget requests for the Medical Care account, we are also concerned about the 48 percent increase in the travel budget request for the other appropriations accounts in fiscal year 2000. Since 1993, the largest annual increase in actual travel expenditures for the other appropriations accounts was 14 percent in fiscal year 1997. Therefore, we question whether this 48 percent increase is based on a realistic estimate of travel expenditures and needs. We continue to believe that VA should reexamine its budget formulation process to improve the accuracy of its budget requests.

VA also indicated that in 1997, VHA's travel expenditures under its Medical Care account increased by over \$10 million to \$41.4 million, which the department said it would not have been able to achieve if the travel

limitation had not been increased starting in 1995. We recognize that VA increased its Medical Care travel budget request by \$6.8 million in fiscal year 1995, by \$10 million in fiscal year 1996, and by \$1.4 million in fiscal years 1997. However, these increases appear to have been larger than needed, since the Medical Care travel budget request in fiscal year 1997 (\$51.4 million) was \$10 million more than actual travel expenditures (\$41.4 million) that year.

Follow Congressional Reprogramming Guidance

VA also did not concur with our recommendation that the Secretary of VA direct VA officials to follow congressional guidance to inform the committee prior to any reprogrammings of more than \$250,000 in excess travel funds. VA stated that for several reasons, it does not view switching excess travel funds to other object classes to be reprogramming covered by the Senate report language and that it therefore has not violated congressional guidance regarding reprogramming. First, it stated that the Appropriations Committees have always been aware of the status of travel funds because VA submits an annual report to the committee staffs that compares budgeted, appropriated, and actual travel expenditures to ensure compliance with the statutory restriction limiting amounts that VA can spend on travel to the amounts requested for travel in the President's budget submission. VA further maintained that it has agreed with the committee staffs that reprogramming only applies to the major program activity components listed in the Program and Financing Schedule contained in the Budget Appendix, which is defined in terms of major program activities, not in terms of objects of expense.

VA stated that its interpretation of congressional expectations regarding reprogramming has not been challenged by the committee. VA also stated that redefining reprogramming requirements to apply to an object class level is inconsistent with objectives of the Government Performance and Results Act (Results Act) and other reinvention efforts that encourage managerial flexibility. VA maintained that it has been extremely efficient in using travel funds and should not be held to an unprecedented degree of oversight.

Finally, VA noted that the \$250,000 reprogramming threshold was developed many years ago when budgets were smaller. VA proposed to meet with committee staff to reach a mutual agreement concerning both the activities within each VA appropriation that need to be subject to reprogramming and realistic reprogramming thresholds. VA acknowledged this had not been done in recent years and that clarification of the reprogramming process would be beneficial to both VA and Congress.

With respect to VA's proposal to meet with committee staff to reach mutual agreement concerning the activities within each VA appropriation that will be subject to the reprogramming rules and agree on more realistic reprogramming thresholds, we agree that this is desirable and would be beneficial to both VA and Congress. We also believe that any agreements reached on the activities subject to reprogramming should be documented to provide a record of the agreement reached and prevent future misunderstandings. However, unless or until such an agreement is reached with the committee, VA should comply with the existing guidelines set forth in the committee reports. While VA maintains that the Appropriations Committees were fully aware of and concurred in VA's interpretation of the reprogramming guidelines, it provided no documentation supporting this or showing that it informed the committee of how it planned to use the funds that were shifted from the travel account. Further, we believe that VA's proposal to meet with the committee staffs to clarify these guidelines and the circumstances in which they would apply would be consistent with our recommendation.

Nonetheless, unless or until a contrary documented understanding is reached under the applicable congressional guidance, VA should notify the Senate Committee whenever it shifts \$250,000 or more in travel funds to other object classes. Such shifts fall within the definition of reprogramming contained in the Glossary of Terms Used in the Federal Budget Process as the "[s]hifting funds within an appropriation or fund account to use them for different purposes than those contemplated at the time of appropriation (for example, obligating budgetary resources for a different object class from the one originally planned)."⁴⁴

VA said that redefining reprogramming to apply to travel expenditures—an object class level—is inconsistent with the objectives of the Results Act and other reinvention efforts encouraging managerial flexibility and would hold VA to an unprecedented degree of oversight. Under the generally accepted definition of reprogramming quoted in the previous paragraph, we do not agree that we are redefining reprogramming requirements. Further, while managerial flexibility is a desirable objective, nothing in the Results Act provides agencies with a basis for not adhering to congressional guidance or directives. Moreover, while we recognize that the travel expenditures in question comprise a relatively small percentage of VA's overall budget, over \$61 million in excess travel funds were reprogrammed from fiscal years 1993 through 1998. Further,

⁴⁴ U.S. General Accounting Office, A Glossary of Terms Used in the Federal Budget Process (GAO/AFMD-2.1.1, Jan. 1993) (Exposure Draft).

congressional concern about VA's travel budget and the way in which it uses those travel funds is evident from its long-standing inclusion of a provision in VA's annual appropriations acts that limits VA's travel expenditures to the amounts requested for travel in the President's budget submission.

Monitor Travel Taken by Employees With Delegated Travel Authority and Open Travel Authorizations

VA concurred with our recommendation to periodically monitor the travel of employees with delegated travel authority and those who have limited open travel authorizations. VA said that it recognized that its management of self-approved travel and open travel authorities needed improvement and said that periodic monitoring of employees' travel could be done without significantly raising overhead costs.

VA suggested that we clarify in the report that VA operates in a decentralized environment and has delegated management of internal controls to the Administrations (e.g., VHA and VBA, and staff offices, typically to the facility level). In this regard, VHA and VBA are responsible for ensuring that their field facilities adhere to VA travel policy. We clarified the report on this matter where appropriate. VA also indicated that VHA's Chief Network Office will coordinate with VHA field and headquarters offices to devise a plan to initiate monitoring of travel. In addition, VA indicated that, among other actions, VBA's (1) Central Office will perform periodic reviews of travel documents and conduct on-site reviews and (2) Office of Field Operations will review the travel of employees with delegated travel authority and those with limited open travel authorizations. These proposed actions appear to respond to our recommendation on this matter.

Reevaluate Administration of Limited Open Travel Authorizations

Finally, VA concurred in principle with our recommendation to reevaluate the manner in which limited open travel authorizations are administered. VA indicated that this recommendation will be accomplished through the monitoring of travel and that if significant problems are found, it will initiate additional action. According to VA, these reviews will determine whether limited open travel authorizations are being properly issued, documented, and reviewed, and whether funds are being properly obligated. We believe this is a reasonable approach to implementing our recommendation.

While agreeing in principle with this recommendation, VA also said that it defines "frequent traveler" by many methods. For the purposes of obtaining a travel card, for example, VA said that an employee who travels twice a year would be a frequent traveler. We recognized that VA may define a frequent traveler in different ways and indicated throughout this

report that the definition used (i.e., an employee who travels at least once a month) was provided by VA's travel policy manager in the context of issuing limited open travel authorizations.

VA said that another reason for issuing limited open travel authorizations, in addition to facilitating the travel of frequent travelers, is to allow employees to travel without notice. According to VA's travel policy manager, employees whose jobs require travel without notice may be issued limited open travel authorizations. We note that the FTR states that agencies should establish procedures for travel situations where it is not practical or possible to issue a written travel authorization in advance.⁴⁵ However, VA's travel policy manual does not contain any provisions that permit the issuance of limited open travel authorizations to employees who must travel without notice.

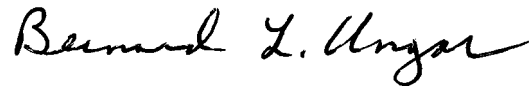
Finally, VA said that although it has not issued a revised travel policy manual since 1995, the policy has been updated through field faxes and messages from the Secretary. We added this information to the report but also indicated that none of the travel policy updates related to delegated travel authority or limited open travel authorizations.

We are sending copies of this report to Senator Robert Byrd, Senator John Rockefeller, Senator Ted Stevens, and Senator Arlen Specter, and to Representative Corrine Brown, Representative Lane Evans, Representative David Obey, Representative Bob Stump, and Representative Bill Young in their capacities as Chair or Ranking Member of Senate and House Committees and Subcommittees. We are also sending copies of this report to the Honorable Togo West, the Secretary of Veterans Affairs. Copies will also be made available to others upon request.

⁴⁵ Note to FTR section 301-71.105.

Major contributors to this report were Gerald Barnes and Robert Homan. If you have any questions, please contact me on (202) 512-8387 or at ungarb.ggd@gao.gov

Sincerely yours,

A handwritten signature in black ink that reads "Bernard L. Ungar". The signature is written in a cursive style with a large, prominent 'B' and 'U'.

Bernard L. Ungar
Director, Government Business
Operations Issues

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Abbreviations

FMFIA	Federal Managers' Financial Integrity Act
FTR	Federal Travel Regulation
GS	General Service
GSA	General Services Administration
JFMIP	Joint Financial Management Improvement Program
NCA	National Cemetery Administration
OIG	Office of the Inspector General
OMB	Office of Management and Budget
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

VA Employee Travel

Table I.1: Fiscal Year 1993 VA Employee Travel

Accounts/Funds	Fiscal year 1993					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$30,046,000	\$31,501,000	\$30,557,000	\$33,496,000	\$35,118,000	\$34,066,000
Medical and Prosthetic Research	2,719,000	2,807,000	1,420,000	3,031,000	3,129,000	1,583,000
Medical Administration and Miscellaneous Operating Expenses	843,000	1,191,000	1,100,000	940,000	1,328,000	1,226,000
General Operating Expenses (includes Veterans Benefits Administration (VBA))	13,299,000	13,079,000	12,048,000	14,826,000	14,581,000	13,431,000
National Cemetery Admin.	650,000	650,000	619,000	725,000	725,000	690,000
Office of Inspector General	2,429,000	2,425,000	1,990,000	2,708,000	2,703,000	2,219,000
Subtotal for Appropriations Accounts	49,986,000	51,653,000	47,734,000	55,726,000	57,584,000	53,215,000
Revolving funds:						
Medical Care Cost Recovery Fund (MCCR)	2,160,000		2,174,000	2,408,000		2,424,000
Supply Fund	1,421,000		1,817,000	1,584,000		2,026,000
Canteen Service	875,000		928,000	975,000		1,035,000
Subtotal for Revolving Funds	4,456,000		4,919,000	4,967,000		5,485,000
Total travel	\$54,442,000	\$51,653,000	\$52,653,000	\$60,693,000	\$57,584,000	\$58,700,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

Source: VA Budget Office.

**Appendix I
VA Employee Travel**

Table I.2: Fiscal Year 1994 VA Employee Travel

Accounts/Funds	Fiscal year 1994					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$33,240,000	\$33,240,000	\$31,939,000	\$36,170,000	\$36,170,000	\$34,754,000
Medical and Prosthetic Research	2,723,000	2,153,000	2,177,000	2,963,000	2,343,000	2,369,000
Medical Administration and Miscellaneous Operating Expenses	1,293,000	1,113,000	817,000	1,407,000	1,211,000	889,000
General Operating Expenses (includes VBA)	10,834,000	13,401,000	10,708,000	11,789,000	14,582,000	11,652,000
National Cemetery Admin.	585,000	585,000	555,000	637,000	637,000	604,000
Office of Inspector General	2,405,000	2,105,000	1,618,000	2,617,000	2,291,000	1,761,000
Subtotal for Appropriations Accounts	51,080,000	52,597,000	47,814,000	55,583,000	57,234,000	52,029,000
Revolving funds:						
MCCR	2,330,000		1,751,000	2,535,000		1,905,000
Supply Fund	1,063,000		1,707,000	1,157,000		1,857,000
Canteen Service	800,000		688,000	871,000		749,000
Subtotal for Revolving Funds	4,193,000		4,146,000	4,563,000		4,511,000
Total travel	\$55,273,000	\$52,597,000	\$51,960,000	\$60,146,000	\$57,234,000	\$56,540,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

Source: VA Budget Office.

**Appendix I
VA Employee Travel**

Table I.3: Fiscal Year 1995 VA Employee Travel

Accounts/Funds	Fiscal year 1995					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$40,000,000	\$40,275,000	\$35,925,000	\$42,508,000	\$42,800,000	\$38,177,000
Medical and Prosthetic Research	1,803,000	2,153,000	1,724,000	1,916,000	2,288,000	1,832,000
Medical Administration and Miscellaneous Operating Expenses	1,200,000	795,000	823,000	1,275,000	845,000	875,000
General Operating Expenses (includes VBA)	13,502,000	14,182,000	12,619,000	14,349,000	15,071,000	13,410,000
National Cemetery Admin.	650,000	650,000	632,000	691,000	691,000	672,000
Office of Inspector General	2,099,000	1,857,000	1,632,000	2,231,000	1,973,000	1,734,000
Subtotal for Appropriations Accounts	59,254,000	59,912,000	53,355,000	62,670,000	63,668,000	56,700,000
Revolving funds:						
MCCR	2,400,000		1,758,000	2,550,000		1,868,000
Supply Fund	1,455,000		1,455,000	1,546,000		1,546,000
Canteen Service	900,000		645,000	956,000		685,000
Subtotal for Revolving Funds	4,755,000		3,858,000	5,052,000		4,099,000
Total travel	\$64,009,000	\$59,912,000	\$57,213,000	\$68,022,000	\$63,668,000	\$60,799,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

Source: VA Budget Office.

**Appendix I
VA Employee Travel**

Table I.4: Fiscal Year 1996 VA Employee Travel

Accounts/Funds	Fiscal year 1996					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$50,000,000	\$50,000,000	\$30,628,000	\$52,138,000	\$52,138,000	\$31,937,000
Medical and Prosthetic Research	\$2,153,000	2,900,000	1,540,000	2,245,000	3,024,000	1,606,000
Medical Administration and Miscellaneous Operating Expenses	826,000	426,000	566,000	861,000	444,000	590,000
General Operating Expenses (includes VBA)	16,093,000	12,412,000	8,916,000	16,781,000	12,943,000	9,297,000
National Cemetery Admin.	680,000	600,000	467,000	709,000	626,000	487,000
Office of Inspector General	1,859,000	1,690,000	1,519,000	1,938,000	1,762,000	1,584,000
Subtotal for Appropriations Accounts	71,611,000	68,028,000	43,636,000	74,672,000	70,937,000	45,501,000
Revolving funds:						
MCCR	2,778,000		2,610,000	2,897,000		2,722,000
Supply Fund	2,082,000		1,910,000	2,171,000		1,992,000
Canteen Service	1,000,000		943,000	1,043,000		983,000
Subtotal for Revolving Funds	5,860,000		5,463,000	6,111,000		5,697,000
Total travel	\$77,471,000	\$68,028,000	\$49,099,000	\$80,783,000	\$70,936,000	\$51,198,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

Source: VA Budget Office.

**Appendix I
VA Employee Travel**

Table I.5: Fiscal Year 1997 VA Employee Travel

Accounts/Funds	Fiscal year 1997					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$51,365,000	\$51,365,000	\$41,380,000	\$52,574,000	\$52,574,000	\$42,354,000
Medical and Prosthetic Research	1,701,000	2,153,000	1,961,000	1,741,000	2,204,000	2,007,000
Medical Administration and Miscellaneous Operating Expenses	878,000	700,000	713,000	899,000	716,000	730,000
General Operating Expenses (includes VBA)	11,568,000	11,361,000	9,924,000	11,840,000	11,628,000	10,158,000
National Cemetery Admin.	630,000	592,000	582,000	645,000	606,000	596,000
Office of Inspector General	1,434,000	1,461,000	1,590,000	1,468,000	1,495,000	1,627,000
Subtotal for Appropriations Accounts	67,576,000	67,632,000	56,150,000	69,167,000	69,223,000	57,472,000
Revolving funds:						
MCCR	2,873,000		2,560,000	2,941,000		2,620,000
Supply Fund	2,082,000		1,919,000	2,131,000		1,964,000
Franchise Fund ^c	2,000,000		504,000	2,047,000		516,000
Canteen Service	1,000,000		905,000	1,024,000		926,000
Subtotal for Revolving Funds	7,955,000		5,888,000	8,143,000		6,026,000
Total travel	\$75,531,000	\$67,632,000	\$62,038,000	\$77,309,000	\$69,223,000	\$63,498,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

^cVA's franchise fund was established in 1997.

Source: VA Budget Office.

Appendix I
VA Employee Travel

Table I.6: Fiscal Year 1998 VA Employee Travel

Accounts/Funds	Fiscal year 1998					
	(Nominal dollars)			(Constant 1999 dollars)		
	Budget ^a	Appropriated ^b	Actual	Budget	Appropriated	Actual
VHA						
Medical Care	\$51,691,000	\$54,599,000	\$45,402,000	\$52,266,000	\$55,206,000	\$45,907,000
Medical and Prosthetic Research	1,750,000	2,031,000	2,119,000 ^c	1,769,000	2,054,000	2,143,000
Medical Administration and Miscellaneous Operating Expenses	903,000	903,000	764,000	913,000	913,000	772,000
General Operating Expenses (includes VBA)	10,681,000	11,624,000	11,322,000	10,800,000	11,753,000	11,448,000
National Cemetery Admin.	625,000	625,000	583,000	632,000	632,000	589,000
Office of Inspector General	1,574,000	1,616,000	1,808,000	1,592,000	1,634,000	1,828,000
Subtotal for Appropriations Accounts	67,224,000	71,398,000	61,998,000	67,972,000	72,192,000	62,687,000
Revolving funds:						
MCCR	2,908,000		^d	2,940,000		^c
Supply Fund	3,778,000		2,467,000	3,820,000		2,494,000
Franchise Fund	2,539,000		552,000	2,567,000		558,000
Canteen Service	1,000,000		969,000	1,011,000		980,000
Subtotal for Revolving Funds	10,225,000		3,988,000	10,338,000		4,032,000
Total travel	\$77,449,000	\$71,398,000	\$65,986,000	\$78,310,000	\$72,192,000	\$66,719,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

^cAccording to VA officials, the amount actually expended for travel in fiscal year 1998 "Medical and Prosthetic Research" appropriations account includes unobligated amounts from the 1997 Appropriations Act for travel, which are available for obligation for 2 years. Therefore, based on this information, VA's expenditures for that purpose in fiscal year 1998 did not exceed the applicable ceiling on employee travel in the 1998 Appropriations Act.

^dStarting in fiscal year 1998, MCCR was terminated and the Medical Care Collections Fund was established.

Source: VA Budget Office.

Appendix I
VA Employee Travel

Table I.7: Fiscal Years 1999 and 2000 VA Employee Travel

Accounts/Funds	Fiscal year 1999 (In nominal dollars)		Fiscal year 2000 (In nominal dollars)
	Budget ^a	Appropriated ^b	Budget ^a
VHA			
Medical Care	\$55,143,000	\$55,143,000	\$55,143,000
Medical and Prosthetic Research	2,137,000	2,244,000	3,102,000
Medical Administration and Miscellaneous Operating Expenses	923,000	969,000	1,400,000
General Operating Expenses (includes VBA)	12,254,000	15,746,000	18,651,000
National Cemetery Admin.	795,000	795,000	947,000
Office of Inspector General	1,766,000	2,085,000	2,271,000
Subtotal for Appropriations Accounts	73,018,000	76,982,000	81,514,000
Revolving funds:			
Supply Fund	3,891,000		3,800,000
Franchise Fund	664,000		869,000
Canteen Service	1,000,000		1,000,000
Subtotal for Revolving Funds	5,555,000		5,669,000
Total travel	\$78,573,000	\$76,982,000	87,183,000

^aAs requested in the President's budget submission to Congress.

^b"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

Source: VA Budget Office.

Table I.8: Differences Between VA's Travel Budget and Actual Expenditures From Fiscal Year 1993 to 1998 (In nominal dollars)

Fiscal year	Budget ^a	Actual expenditures	Difference between budget and actual expenditures	Percentage difference
1993	\$49,986,000	\$47,734,000	\$2,252,000	4.5
1994	51,080,000	47,814,000	3,266,000	6.4
1995	59,254,000	53,355,000	5,899,000	10.0
1996	71,611,000	43,636,000	27,975,000	39.1
1997	67,576,000	56,150,000	11,426,000	16.9
1998	67,224,000	61,998,000	5,226,000	7.8
1999	73,018,000	^b		
2000	\$81,514,000	^b		

Note: This table excludes VA's four revolving funds: Canteen Service, Franchise Fund, MCCR, and Supply Fund.

^aAs requested in the President's budget submission to Congress.

^bFiscal years 1999 and 2000 actual expenditures not yet available.

Source: VA Budget Office and GAO calculations of differences.

Appendix I
VA Employee Travel

Table I.9: Differences Between VA's Travel Budget and Actual Expenditures From Fiscal Year 1993 to 1998 (In constant 1999 dollars)

Fiscal year	Budget^a	Actual expenditures	Difference between budget and actual expenditures	Percentage difference
1993	\$55,726,000	\$53,215,000	\$2,511,000	4.5
1994	55,582,000	52,028,000	3,554,000	6.4
1995	62,969,000	56,700,000	6,269,000	10.0
1996	74,673,000	45,502,000	29,171,000	39.1
1997	69,167,000	57,472,000	11,695,000	16.9
1998	67,972,000	62,688,000	5,284,000	7.8
1999	73,018,000	^b		
2000	\$81,514,000	^b		

Note: This table excludes VA's four revolving funds: Canteen Service, Franchise Fund, MCCR, and Supply Fund.

^aAs requested in the President's budget submission to Congress.

^bFiscal years 1999 and 2000 actual expenditures not yet available.

Source: VA Budget Office and GAO calculations of differences.

Table I.10: Differences Between VA's Travel Appropriations and Actual Expenditures From Fiscal Year 1993 to 1998 (In nominal dollars)

Fiscal year	Appropriated^a	Actual expenditures	Difference between appropriated and actual expenditures	Percentage difference
1993	\$51,653,000	\$47,734,000	\$3,919,000	7.6
1994	52,597,000	47,814,000	4,783,000	9.1
1995	59,912,000	53,355,000	6,557,000	10.9
1996	68,028,000	43,636,000	24,392,000	35.9
1997	67,632,000	56,150,000	11,482,000	17.0
1998	71,398,000	61,998,000	9,400,000	13.2
1999	\$76,982,000	^b		

Note: This table excludes VA's four revolving funds: Canteen Service, Franchise Fund, MCCR, and Supply Fund.

^a"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

^bFiscal year 1999 actual expenditures not yet available.

Source: VA Budget Office and GAO calculations of differences.

Appendix I
VA Employee Travel

Table I.11: Differences Between VA's Travel Appropriations and Actual Expenditures From Fiscal Year 1993 to 1998 (In constant 1999 dollars)

Fiscal year	Appropriated ^a	Actual expenditures	Difference between appropriated and actual expenditures	Percentage difference
1993	\$57,584,000	\$53,215,000	\$4,369,000	7.6
1994	57,233,000	52,028,000	5,205,000	9.1
1995	63,668,000	56,700,000	6,968,000	10.9
1996	70,936,000	45,502,000	25,434,000	35.9
1997	69,224,000	57,472,000	11,752,000	17.0
1998	72,192,000	62,688,000	9,504,000	13.2
1999	\$76,982,000	^b		

Note: This table excludes VA's four revolving funds: Canteen Service, Franchise Fund, MCCR, and Supply Fund.

^a"Appropriated" refers to information VA provided to us on the amounts for travel included in its appropriations accounts after appropriations were enacted.

^bFiscal year 1999 actual expenditures not yet available.

Source: VA Budget Office and GAO calculations of differences.

Comments From the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
ASSISTANT SECRETARY FOR PLANNING AND ANALYSIS
WASHINGTON DC 20420

AUG 3 1999

Mr. Bernard L. Ungar
Director, Government Business
Operations Issues
General Government Division
U. S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Ungar:

We have reviewed your draft report, **VA TRAVEL: Better Budgeting and Stronger Controls Needed** (GAO/GGD-99-137). During the course of this audit, VA officials have discussed VA's travel estimate formulation process on several occasions with GAO evaluators. However, it appears that VA and GAO are in disagreement regarding our position on how to accomplish this complex task.

We believe that VA's current means of developing an estimate for travel expenditures several years into the future is sound. It assures that funds are available for travel activities impacting areas of immediate importance to veterans or their direct service providers. We also believe that the Department's notification to the Senate Appropriations Committee has met the intent of the directive that appears in the committee reports. Accordingly, the Department of Veterans Affairs does not concur with the report's recommendations regarding reexamining the budget formulation process or informing the Senate Appropriations Committee of reprogramming of travel funds in excess of \$250,000.

We recognize that the Department's management of open travel authorities and self-approved travel expenditures needs improvement. Both the Veterans Health Administration (VHA) and the Veterans Benefits Administration (VBA) are working to create more effective oversight of open travel authorities and self-approved travel.

In 1995, VHA began shifting base dollars into travel as it began its reengineering and decentralization processes. As with many other aspects of healthcare delivery, this allowed local decision makers to better identify program and training related travel in their local areas. (The subsequent formation and development of the VA Learning University is another means by which VHA is now better able to identify training travel needs throughout its system.) In 1996, the second year of the travel reprogramming initiative, efforts to identify VHA's

Appendix II
Comments From the Department of Veterans Affairs

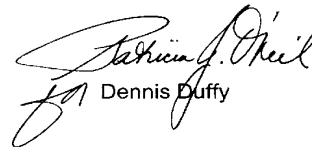
2. Mr. Bernard L. Ungar

true travel needs were stymied by a temporary one-year decrease of \$5 million in medical care employee travel expenditures. (This was due, in part, to the government shut down in that year.) In 1997, expenditures rose by over \$10 million to a level of \$41.4 million. We would have been unable to achieve this increase had we not increased the travel cap in 1995.

Travel under Medical Care is an integral and necessary part of the delivery of medical service to our Nation's veterans. With the recent advent of community and hospital-based home care, VA expects an increased use of travel funds. These funds are allocated to all medical facilities through the Veterans Equitable Resource Allocation process, as is other medical funding, and tracked separately through our transaction allocation and accounting systems. Because the budgeted travel request estimate was in excess of the necessary amount to support the required travel needs, the excess funds were made available for other medical care expenditures for veteran care such as increased drug and prosthetics costs. The issue of the difference in the individual detail lines that comprise the object classification schedule needs to be kept in perspective with the overall \$17 billion appropriation level that Congress provides for veterans' health care. VA believes that the special treatment of travel funds is a costly and inappropriate control for the Medical Care program. The Medical Care appropriation should be exempt from this special tracking requirement.

The enclosure details VA's concerns with GAO's recommendations and our plans to improve management of our open travel authorities and self-approved travel. We appreciate the opportunity to comment on GAO's draft report.

Sincerely,



Dennis Duffy

Enclosure

Enclosure

DEPARTMENT OF VETERANS AFFAIRS COMMENTS TO
GAO DRAFT REPORT, *VA TRAVEL: Better Budgeting and
Stronger Controls Needed*
(GAO/GGD-99-137)

GAO recommends that the Secretary of Veterans Affairs direct appropriate officials to:

- **reexamine the budget formulation process, particularly with respect to VHA's Medical Care appropriations account, to determine what steps can be taken to improve the accuracy of the travel budget requests.**

Do Not Concur – Since Congress limits travel expenditures to what is included in the President's budget request, formulation takes into account the full range of potential travel needs for an organization. To do otherwise could jeopardize travel activities impacting areas of immediate importance to veterans or their direct service providers. This proactive approach invariably leads to some over-subscription of travel estimates.

In addition, events or circumstances beyond the Department's control contribute to revised travel estimates after submission of the budget request. For example, the closing of most Federal government operations in FY 1996 resulted in less travel expenditures than initially planned and a general uncertainty about passage of the budget led to a more conservative approach to spending available funds. Also, reorganization of the Veterans' Health Administration required a great deal of flexibility in the expenditure of funds. Accordingly, a reexamination of the process is not necessary. The travel cap has been straight-lined for the FY 1999 and FY 2000 budgets, and we propose maintaining that level in future budgets until the actual expenditures achieve a closer margin of the budget estimate.

- **follow congressional guidance directing VA to inform the Senate Appropriations Committee prior to reprogramming more than \$250,000 in excess travel funds.**

Do Not Concur – VA has not violated Congressional guidance regarding reprogramming of funds. In prior years, the Department sent letters to Chairmen of VA's Appropriation Subcommittees identifying a reprogramming base for each appropriation. None of the reportable bases was identified below major program areas – much less by object class. In time, this letter was replaced with VA's formal operating plan submission, the details of which VA assumed to comprise the reprogramming base for each account. Over many years including legal reviews at various times, the

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controlling terms "program, element, and activity" have never been interpreted to mean object class detail of the budget submissions.

In addition, VA annually submits to Appropriations Committee staff a formal travel report that compares "budgeted, appropriated, and actual" travel expenditures to ensure compliance with the statutory restriction. The committees have always been aware of the status of funds in this regard. Along with these activities, VA has consistently adhered to more specific instruction from the committees on reprogrammings, such as those required for major construction projects.

The Department maintains an open dialogue with Appropriations Committee staff. Over the years, we have agreed that reprogramming requirements would apply to the major program activity components listed in the Program and Financing Schedule contained in the Appendix to the President's Budget. The Program and Financing Schedule is defined in terms of major program activities, not in terms of objects of expense. At no time was VA's interpretation of congressional expectations regarding reprogrammings challenged. In fact, committee staff recently informed the Deputy Assistant Secretary for Budget that they have no objection to VA's approach to this issue.

Redefining reprogramming requirements to apply to an object class level is inconsistent with objectives of the Government Performance Results Act and reinvention efforts, which encourage a focus on the performance not the categories of expenses. VA has been extremely efficient in using travel funds and should not be held to an unprecedented degree of oversight. Since FY 1993, over \$100 billion has been appropriated to VA for discretionary programs. This report focuses on expenditures comprising less than one-half percent of this cumulative total.

It should be noted that the \$250,000 reprogramming threshold was developed many years ago in an era of significantly smaller budgets when compared to current levels. We propose that VA will reconfirm the activities for reprogramming notification, as well as discuss an adjustment to the thresholds with staff of the Appropriations Committees. A clarification of the process can benefit both VA and Congress.

- **periodically monitor travel taken by employees who may authorize and approve their own travel and employees who have limited open travel authorizations to assess compliance with travel policies and regulations.**

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Concur – Periodic monitoring of employees authorizing their own travel should be done. We believe this can be done without significantly raising overhead costs. However, GAO's report should clarify that internal management controls in the Administrations and Staff Offices are decentralized, typically to the facility level. Individual offices are responsible for ensuring that their field facilities and travelers are adhering to VA travel policy. VHA's Chief Network Office will coordinate with VHA field and headquarters offices to devise a plan to initiate this monitoring.

In addition, VBA's Finance and Administrative Services Staff will stress the importance of monitoring use of limited open travel authorizations (LOTA) at the station level via its Finance and Administrative Services conference calls with VBA's field stations. Also, VBA Headquarters will perform periodic reviews of source documents in Central Office as well as conduct periodic on-site reviews. Finally, VBA's Office of Field Operations will work with its Service Delivery Networks to request a review of both employees who authorize and approve their own travel as well as request a review of LOTAs. The Travel Policy Section guidance on frequent travelers will ensure a uniform interpretation of who should have a LOTA.

- **reevaluate the manner in which limited open travel authorizations are administered, including (1) whether funds are being obligated in accordance with VA policy; (2) whether the authorizations contain reasonable limitations on purposes, geographic areas, trip duration, and costs; and (3) whether the employees who have been issued limited open travel authorizations are expected to be frequent travelers, and if not, revoke or not review those authorizations.**

Concur in Principle – The provisions of this recommendation will be accomplished through the monitoring of travel as agreed in the preceding recommendation. If such monitoring reveals significant problems in the areas noted, we will initiate additional action. Absent any problems, we see no need to reevaluate the manner in which VA administers open travel authorizations.

Periodic reviews of source documents and on-site visits will assist VBA Headquarters in determining if source documents are properly issued, documented, and reviewed, and if funds are properly obligated. The Office of Field Operations will work with the Office of Resource Management to establish a team to review LOTA administration and determine whether there is consistent understanding of the policies across VBA.

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Issues regarding points (1) and (2) return to the decentralization of operations within VA. However, a travel policy issue is raised in the question of how VA defines "frequent travelers." The draft report concludes that many VA employees who are not frequent travelers have been issued Open Travel Authorities. VA defines a "frequent traveler" by many methods. For purposes of obtaining a travel card, an employee is a frequent traveler if she/he anticipates traveling twice a year. VA's travel policy manager stated that a traveler may be issued an open authority if traveling once a month and that many VA travelers' jobs require travel without notice. In such cases, it is appropriate to issue and maintain open travel authorities.

Additional Comment:

On page 24 of the draft report, footnote 23 states "Although the FTR was revised in July 1998, VA is still following a 1995 travel policy that implemented the prior set of federal travel regulations." This is not entirely accurate. While VA's Travel Policy was last formally revised and published in 1995, since that time VA has consistently updated its travel policy by use of all field faxes and Secretary's highlights. The guidance provided in this manner is consistent with the 1998 FTR, including the time frames for reviewing open travel authorities referenced on page 24. We anticipate publishing a revised Travel Policy in early 2001.

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