



U.S. Department of Housing and Urban Development

Office of Inspector General

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MEMORANDUM FOR: David Palladino, Office Director, Office of Administrative and Management Services, AJA

FROM: John P. McCarty, Assistant Inspector General for Investigation, GI

SUBJECT: Sprint FONCARDS
File: IED-06-0012

The Inspections and Evaluations Division conducts independent, objective examinations of Department of Housing and Urban Development (HUD) activities, programs, operations, or organizational issues. We completed a limited review concerning Sprint FONCARDS or calling cards. We conducted the review to ensure adequate controls were present.

The objectives of our review were to determine the controls in place to identify waste, fraud or abuse regarding the FTS 2001 Sprint FONCARD.

We determined that verification memorandums were not being sent to individuals to verify that calls were official and were made by the individual as required in the monthly review process. We also determined that there was a limited inventory of the cards. A complete inventory of personnel and FONCARD numbers are required in order to identify and notify individuals.

BACKGROUND

On August 30, 2005, we were provided with a copy of the policy and procedures issued to establish controls over the FONCARDS, which in essence stated:

- The approving official in the field or other headquarter office, submits an electronic request with justification to the telecommunications office.
- The telecommunications office reviews and approves the request.
- Once approved, a request is sent to Sprint for a new FONCARD.

- Upon receipt from Sprint, the telecommunications office issues the FONCARD to the requesting approving official. Attached to the FONCARD are the policies and procedures memorandum and a custody receipt that is signed by the employee receiving the FONCARD.

The Telecommunications office described the monthly review process:

- A Computer Disk (CD) is received from Sprint on a monthly basis that contains all HUDs FONCARD data for the previous month (only data for FONCARDS used).
- Reviews are conducted for unusually high or excessive calls. Reports are run from the Sprint Interactive Desktop Reporter (SPIDR) program. SPIDR is a program used by the HUD Telecommunications Office to Monitor Telephone bills to include calling cards or FONCARDS. Sprint sends electronic phone bills recorded on CDs with detailed information to HUD's Telecommunications Office on a monthly basis. The average cost for the FONCARDS are \$45,000 per month based on the detailed reports.
- All Invoices that exceed \$20.00 are printed.
- Individual invoices (exceeding \$20) and an attached verification memorandum are sent to individuals to verify that the calls were official and were made by the individual.

SCOPE AND METHODOLOGY

To achieve our objectives, we obtained, downloaded and reviewed phone bills recorded on CDs from January 2005 to August 2006. Detailed reports were converted to an excel format and an analysis was conducted for any occurrence of 900 or 866 numbers. Detailed reports for the FONCARDS are over 1000 pages per month. There were no occurrences of 900 or 866 numbers indicated on any of the detailed reports.

According to the Telecommunications office, detailed monthly bills that are over \$20 are sent to individuals for signature verification. The average number of FONCARD bills over \$20 was 40 per month (January 2005 to August 2006). The following FONCARD numbers over \$20 were randomly selected for review of signature verification: 5609853451 – June 2006, 4879581176 – April 2006, 8471118038 – January 2006, 3677458052 – June 2006, and 6887650739 – January 2006. The Telecommunications office could not produce the verifications.

A review was conducted for 261 FONCARD numbers from OIG employees. The numbers were checked against the Sprint bills for January 2006 to August 2006. Four individuals exceeded \$20 per month and should have received memorandums from the Telecommunications Office to verify calls. Three out of four did not see their bills. One

individual verified his bills in the past but he could not remember the approximate date. The Telecommunications office did not send verification memorandums to all OIG employees.

A FONCARD inventory was provided by the Telecommunications Office for personnel in the OIG. The inventory contained 161 personnel and FONCARD numbers. The OIG compiled a list that contained 261 personnel. The OIG forwarded the Telecommunications office an updated list. The Telecommunications office did not have total accountability of the FONCARDS for OIG personnel.

Recommendations

We recommend that the Telecommunications office maintain an accountability of the FONCARDS. The OIG forwarded an updated inventory list that included personnel name and FONCARD numbers to the Telecommunications Office. A similar list should be requested from the other HUD divisions. An accurate accountability will ensure the individuals who exceed \$20 per month will verify the official use of the Card.

Acknowledgements

The report was prepared under the direction of John P. McCarty, Assistant Inspector General for Investigation.

The assignment was supervised by Michael Groszkiewicz, Special Agent in Charge, Inspections and Evaluations Division, Office of Investigation.

The following field staff worked on the assignment and report:

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