OFFICE OF INSPECTOR GENERAL

AUDIT OF SELECTED PAYMENTS BY USAID/EGYPT FOR EVACUATION TRAVEL AND RELATED ALLOWANCES

AUDIT REPORT NO. 6-263-12-001-P
DECEMBER 13, 2011

CAIRO, EGYPT

Office of Inspector General

December 13, 2011

MEMORANDUM

TO: USAID/Egypt Mission Director, Walter North

FROM: Regional Inspector General/Cairo, Jacqueline Bell /s/

SUBJECT: Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances (Report No. 6-263-12-001-P)

This memorandum transmits our report on the subject audit. In finalizing the report, we carefully considered your comments on the draft report and have included them in Appendix II.

The report includes ten recommendations to USAID/Egypt. In response to the draft report, USAID/Egypt mission officials agreed with four recommendations, partially agreed with two recommendations, and disagreed with the remaining four recommendations. Consequently, management decisions have been reached and final action taken on Recommendations 6 and 7. In addition, management decisions will be reached on Recommendations 1 and 8 when a determination has been made on the amount of questioned costs to be recovered. Management decisions have not been reached on parts of Recommendations 3 and 9 or on Recommendations 1, 2, 4, 5, 8, and 10.

The mission should determine the amount of questioned cost to be recovered for Recommendations 1 and 8 by the target date, and provide action plans and target dates to implement recommendations 2, 3, 4, 5, 9 and 10 within 30 days of the final report.

Thank you for the cooperation and courtesy extended to the audit team during this audit.

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CONTENTS

The following abbreviations appear in this report:

ACO	authorized certifying officer
ADS	Automated Directives System
DoS	Department of State
DSSR	Department of State Standardized Regulation
FY	fiscal year
GAO	Government Accountability Office
GMRA	Government Management Reform Act
M&IE	meals and incidental expenses
OFM	Office of Financial Management
RIG/Cairo	Regional Inspector General/Cairo
SEA	subsistence expense allowance
TA	travel authorization
TSMA	transitional separate maintenance allowance
VSMA	voluntary separate maintenance allowance

SUMMARY OF RESULTS

The Department of State (DoS) operates overseas posts all over the world, some in unstable, dangerous, or crisis-prone regions where threats against post employees, dependents, or private American citizens can result in ordered evacuations.[1] As a part of some embassies overseas, USAID missions are vulnerable to evacuations because of crises. Evacuations can occur in response to various types of crises, including civil strife, terrorist incidents, natural disasters, threats of conventional war, and disease outbreaks. According to the Government Accountability Office (GAO), these evacuations can range from the more common and relatively simple departures of post employees and dependents on regularly scheduled commercial flights to the rarer, complex, and massive sealift and airlift of thousands of American citizens on U.S. Government-chartered and U.S. military ships and planes to the United States or other designated safe havens. According to DoS officials, the department has ordered more than 270 evacuations from overseas posts since 1988.

Evacuations differ considerably in scope, size, and complexity. Many U.S. Government agencies affected at post are involved in planning for and implementing an evacuation, which typically takes the form of an authorized or ordered departure of employees and dependents. Although authorized departures and ordered departures of post employees and dependents typically occur several times a year, according to DoS and Department of Defense officials, large-scale evacuations of private American citizens are rare.

As noted in the Department of State Standardized Regulations (DSSR), Chapter 630, “Special Allowances,” special allowances are provided for certain travel, subsistence, and special education expenses to help offset direct added expenses incurred by an evacuee as a result of an evacuation order. Appendix III contains more information about special allowances. One such allowance is the separate maintenance allowance, for families who do not return to post after the evacuation order is lifted. A separate maintenance allowance is not intended to fully reimburse the employee for the direct added expense incurred, and the employee continues to be responsible for normal family living expenses.

The January 2011 revolution in the Arab Republic of Egypt prompted the ordered departure of 45 USAID American employees with 70 dependents. On January 30, 2011, the DoS issued an authorized voluntary departure of nonemergency American employees and dependents from U.S. Embassy Cairo. On February 1, 2011, the DoS upgraded the evacuation from an authorized departure to an ordered departure. To help offset direct added expenses incurred by evacuees because of the evacuation order, the DoS authorized special allowances for departure travel, subsistence, and special education expenses payable by the U.S. Government. On April 29, 2011, the U.S. Ambassador to Egypt lifted the evacuation order and employees and dependents were allowed to return to post.

USAID/Egypt incurred evacuation costs for employees and eligible dependents who evacuated from offices in Egypt. The Executive Office manages mission policies and procedures related to evacuation payments, and the Office of Financial Management (OFM) processes the payments. As of June 30, 2011, the mission had disbursed approximately $1.2 million of evacuation allowances for 45 evacuated employees and dependents. Because of the infrequency of

[1] GAO Report 08-23, “State Department - Evacuation Planning and Preparations for Overseas Posts Can Be Improved.”

evacuations from Egypt, the mission had an increased risk of inaccurate payment of allowances to evacuees as authorized in DSSR 630.

The Regional Inspector General/Cairo (RIG/Cairo) added this audit[2] to its fiscal year (FY) 2011 audit plan after identifying anomalies with some reimbursement requests based on USAID/Egypt's FY 2011 Government Management Reform Act (GMRA) audit. The GMRA requires USAID to submit audited financial statements to the Office of Management and Budget annually. As one of the 46 USAID accounting stations, USAID/Egypt manages about $2.8 billion in financial obligations and provides financial services to ten client missions. As part of USAID's FY 2011 financial statement audit led by the Financial Audits Division of USAID's Office of Inspector General, RIG/Cairo conducted an audit of some of the mission's financial statement line items and financial management procedures. Part of the GMRA audit was designed to determine whether requests for travel reimbursement were appropriate from a review of a sample of 30 transactions valued at $386,485.[3] RIG/Cairo will issue the results of an expanded audit on USAID/Egypt's emergency preparedness and the extent to which allowance payments that the mission provided to evacuated employees were appropriate and allowable.

Under strict time constraints and with insecure conditions to relocate 115 U.S. direct-hire employees and their dependents, USAID/Egypt prepared travel authorizations to expedite departure from Egypt. Although the mission performed quick-response evacuation actions commendably, USAID/Egypt did not pay some allowances and evacuation travel benefits accurately and appropriately in the audit's limited sample. That is, the mission reimbursed some employees for expenses not covered under travel payments or other allowances, resulting in questioned costs valued at $5,112.

Specifically, the audit found the following concerns:

- USAID/Egypt did not accurately pay some subsistence allowances (page 4).
- USAID/Egypt did not require use of government cards after providing advance (page 5).
- USAID/Egypt did not liquidate an advance before paying additional claims (page 7).
- USAID/Egypt did not accurately reimburse employees for evacuation allowances (page 8).
- USAID/Egypt did not appropriately approve evacuation allowance reimbursements (page 9).
- USAID/Egypt did not ensure that reimbursements were reconciled with approved travel documentation (page 11).
- USAID/Egypt did not require employees to submit travel authorizations with reimbursement requests (page 13).

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[2] This is the first of two audit reports on the results of USAID/Egypt's efforts to pay evacuation benefits. Results from RIG/Cairo's audit testing during the GMRA were not included as separate findings in the Office of Inspector General's "Audit of USAID's Financial Statements for FYs 2011 and 2010" (Report No. 0-000-12-001-C).

[3] This sample was drawn from a total of 223 transactions valued at $1.2 million submitted to USAID/Egypt's Office of Financial Management as of June 30, 2011. Typically, employees submitted one voucher each per month during the 3-month evacuation period.

To address these findings with allowances paid during the evacuation period, the audit identified issues that may help the mission strengthen its management controls to (1) accurately record transactions and events in a timely manner, and (2) properly execute transactions and events. This audit recommends that USAID/Egypt:

1. Determine the allowability of $2,601 in questioned costs and recover from the employee any amounts determined to be unallowable (page 5).

2. Update and implement its procedures to include verifying reimbursement requests to determine whether separate maintenance allowance benefits were properly authorized and allowable and collecting any costs determined to be unallowable (page 5).

3. Issue a written reminder to all employees to adhere to Agency guidelines that require the use of the government travel card in lieu of an advance of funds and publicize the possible penalties for not following the guidelines (page 7).

4. Determine the type of offense, administer the appropriate penalty, and document the appropriate mission or personnel file accordingly (page 7).

5. Document the limitations for advances to U.S. direct-hire staff in the mission's procedures for advances and accounts payable (page 7).

6. Determine the allowability of $1,000 in questioned costs and recover from the employee any amounts determined to be unallowable (page 8).

7. Determine the allowability of $389 in questioned costs and recover from the employee any amounts determined to be unallowable (page 9).

8. Review employees' payment requests for lodging to determine the allowability of all payments including the identified questioned costs of $657, $240, and $225 and recover from the employees any amounts determined to be unallowable (page 11).

9. Develop and implement management review procedures that supervisors can verify and document on an intermittent schedule (page 12).

10. Revise and implement its mission procedures to require financial management staff to include travel authorizations in a travel voucher package before employee reimbursements are processed (page 14).

Appendix I contains information on the scope and methodology. Detailed findings are included in the sections that follow. Management comments are included in their entirety in Appendix II, and our evaluation of management comments is included in the report on page 15.

AUDIT FINDINGS

USAID/Egypt Did Not Accurately Pay Some Subsistence Expense Allowances

The U.S. Government has several regulations and guidance governing payments during evacuations or authorized departures and payments of separate maintenance allowances. DoS Cable 040818, *Return of Evacuees to Post*, Section 2, states that returning evacuees may receive subsistence expense allowance (SEA) payments for a specified period to prepare to return to post, not to exceed 10 days from the termination date of the evacuation—in this case, 10 days beyond April 29, or May 9. Additionally, Section 3 of the cable requires employees with dependents who do not wish to return to post for the remainder of the employee's tour to be authorized a voluntary separate maintenance allowance (VSMA), which is documented in DSSR 260, "Separate Maintenance Allowance." Moreover, DSSR 262, "Circumstances Warranting SMA [Separate Maintenance Allowance]," allows employees to choose either VSMA or transitional separate maintenance allowance (TSMA). Under VSMA, an employee requests benefits for special needs or hardship prior to or after arrival at post for reasons including health, educational, or family considerations for dependents. Under TSMA, an employee requests benefits to assist with additional costs incurred when dependents are required to occupy commercial housing temporarily while establishing permanent housing following an evacuation.

Contrary to the above guidance, USAID/Egypt's OFM overpaid one employee $2,601, as shown in Table 1. The overpayment stemmed from incorrect determinations of the type of allowance appropriate at different periods following the lifting of the evacuation order.

Table 1. Questioned Cost Calculations for Subsistence Expense and Other Allowances (audited)

Date	Amount ($)			
	TSMA	**SEA**	**VSMA**	**Collectible**
5/3–9	1,001	1,368		367
5/24–6/25	3,861		1,627	2,234
Total				**2,601**

After the DoS lifted the evacuation order on April 29, 2011, the employee appropriately submitted a request for TSMA on May 3, 2011. In accordance with the regulations, an agency may authorize TSMA when dependents who intend to return to post are in temporary commercial housing and choose to remain for the completion of the current school year if a child is in the final semester of the school year when the evacuation is terminated.

For May 3–9, 2011, USAID/Egypt's OFM continued paying the employee SEA benefits of $1,368 for meals and incidental expenses (M&IE) for a family of five. Although SEA benefits had not technically expired, paying them for the specified days was incorrect because the employee had applied for TSMA on May 3, 2011.

On May 23, 2011, the employee informed USAID/Egypt's Mission Director and Executive Officer that the employee's family would not return to post. Accordingly, the family should have been placed on VSMA as of May 24, 2011. Regulations allow the employee to receive TSMA from May 3 to May 23, 2011, and then convert to VSMA for May 24–June 25, 2011.[4]

Although the employee submitted an e-mail to USAID/Egypt's Executive Office stating that the employee "really did not have a justification" for the SEA benefits extension, the Executive Office approved the 7-day extension of benefits, resulting in excess payments. The amount allowable for TSMA for May 3–9, 2011, was $1,001. However, OFM paid the employee $1,368, an excess of $367. For May 24–June 25, 2011, OFM paid the employee TSMA benefits instead of VSMA benefits, resulting in an excess of $2,234.

Despite informing mission officials of changes in family plans that dictated which types of benefits were appropriate, the employee who received the overpayments did not return them. The employee blamed a lack of awareness about when the TSMA benefits had begun or that dependents would convert from TSMA to VSMA following the date of intent not to return to post.

To address these concerns, this audit makes the following recommendations.

> ***Recommendation 1.*** *We recommend that USAID/Egypt determine the allowability of $2,601 in questioned costs and recover from the employee any amounts determined to be unallowable.*
>
> ***Recommendation 2.*** *We recommend that USAID/Egypt update and implement its procedures to include verifying reimbursement requests to determine whether separate maintenance allowance benefits were properly authorized and allowable and collecting any costs determined to be unallowable.*

USAID/Egypt Did Not Require the Use of Government Cards After Providing an Advance

Public Law 105-264, "Travel and Transportation Reform Act of 1998," requires federal employees to use federal travel charge cards for all payments of expenses of official government travel. In accordance with the law, USAID drafted Automated Directives System (ADS) 522.5.17, "Travel Advances for USAID," requiring all USAID personnel traveling two or more times per year to use the Agency's government travel card (the card). Furthermore, applications for travel advances are approved only for travel to locations where the card is not accepted and cash is required. In cases where cash advances are allowed for U.S. direct hires for payment of government expenses, DSSR 617, "Amount of Advance Payment," states that the amount of such payment shall be based on the compensation rate, including any allowances or post differential to which an employee was entitled immediately prior to the issuance of the evacuation order, not to exceed 30 days. Furthermore, "Table of Offenses and Penalties, Additional Help for ADS 487 ["Disciplinary and Adverse Actions Based Upon Employee Misconduct-Civil Service"]," dated November 6, 2009, lists some commonly identified offenses and outlines the administration of penalties for an employee who violates any administrative

[4] According to the employee, the child's school year ended on June 22, 2011. DSSR 266.4(6), "Transitional SMA," states that TSMA shall terminate 3 days after the last day of school—in this case, June 25, 2011.

regulation. The table also includes a section on miscellaneous offenses to cover violation of any administrative regulations that do not provide for a penalty. Moreover, the table includes minor and major offenses with penalties ranging from oral warnings to removal.

USAID/Egypt approved an advance of $10,326 for one employee with the expectation that the employee would use the advance to pay for lodging expenses that appeared on the statement for the government travel card. Yet the employee used a personal credit card for lodging expenses instead of the Agency's government travel card and used the advance, which the mission had made through an electronic transfer into the employee's personal account, to pay for lodging expenses.

USAID/Egypt officials stated that OFM typically does not provide U.S. direct-hire employees with travel advances for temporary duty travel. USAID policy is to use the government travel card whenever possible because, as noted in a previous Office of Inspector General report,[5] USAID receives a higher rebate from the Citibank government travel card based on the volume of money spent using the government card. In addition, the fewer days taken to pay the balance owed, the higher USAID's rebate-earning potential.

However, the former Regional Controller and current Executive Officer decided to allow evacuees to request an advance equal to or above the amount of prepaid lodging to ease the financial burden associated with the unexpected and disruptive evacuation. The officials communicated this decision in a February 9, 2011, e-mail to evacuated employees.

USAID/Egypt's Executive Officer offered various reasons for the advance to the employee. The Executive Officer stated that in the evacuation the employee had left the official government credit card in Egypt. Moreover, the Executive Officer stated that the employee and dependents traveled to a safe haven where they used commercial lodging requiring payment of 1 month in advance. According to the Executive Officer, housing, meals, and incidental expenses could cost up to $10,000 in 1 month. In most cases, however, evacuated employees and dependents arrived at safe haven locations in the United States within a 24-hour period. Moreover, although the employee may have left the government card in Egypt, the employee had the option of contacting the Financial Policy and Support Division in USAID's Office of the Chief Financial Officer for a replacement card. According to division staff, a replacement card can be delivered to an employee in the United States within 3 days.

USAID/Egypt's Executive Officer stated that the advance was also necessary because credit card cycles and processing times for reimbursement requests could have delayed reimbursement for evacuation expenses for up to 6 weeks after the credit payment was due. Yet the employee chose to use a personal charge card to pay for evacuation allowance expenses instead of the funds that USAID/Egypt had provided as a cash advance into a personal account.

Since USAID does not provide loans to its employees for any reason, it is imperative that USAID managers ensure that employees follow the rules regarding the mandatory use of the government card so that the Agency receives the maximum allowable rebate. When the requirement is not strictly enforced, USAID loses valuable rebates from the vendor and also creates an atmosphere of selective application of the regulations. Moreover, since USAID regulations do not specifically require any administrative or punitive actions against an employee who does not use the required government card, nonuse of this card will more than

[5] "Review of USAID's Travel Card Program," Report No. 9-000-10-002-S, August 12, 2010.

likely continue. Randomly applying the rules subjects management and employees to unnecessary risks of abuse and misuse. To address these concerns, this audit makes the following recommendations.

> ***Recommendation 3.*** *We recommend that USAID/Egypt issue a written reminder to all employees to adhere to Agency guidelines that require the use of the government travel card in lieu of an advance of funds and publicize the possible penalties for not following the guidelines.*

> ***Recommendation 4.*** *We recommend that USAID/Egypt determine the type of offense, administer the appropriate penalty, and document the appropriate mission or personnel file accordingly.*

> ***Recommendation 5.*** *We recommend that USAID/Egypt document the limitations for advances to U.S. direct-hire staff in the mission's procedures for advances and accounts payable.*

USAID/Egypt Did Not Liquidate an Advance Before Paying Additional Claims

ADS 633.3.2, "Travel Advance," states that travelers must not receive travel advances except under special circumstances, which are approved on a case-by-case basis. ADS 633.3.2(b), "Travel Advance – Overseas," requires a controller or a locally designated authority to approve payment of a USAID-funded travel advance. In addition, the regulation requires missions to develop their own procedures for travel advances. Moreover, ADS 625.3.4.5, "Employee Claims," states that USAID claims that arise out of overpayment of salary or benefits, travel allowances, and other overpayments are recoverable by USAID through direct billing or salary offset. During the USAID/Egypt evacuation, DoS Cable 008759, "Authorized Voluntary Departure from Cairo," effective January 30, 2011, authorized an advance of $1,000 per family.

At the mission, the OFM has been proactive in developing procedures for documenting and reviewing accounts payable and advances. Based on the mission's procedures, financial management staff is required to produce a report on the aging of advances and follow up with employees to ensure that liquidations occur at least quarterly. If an employee does not liquidate an advance in a timely manner, the mission controller is responsible for making a collection by offset from a travel voucher disbursement or from an employee's salary.

Although the DoS evacuation cable authorized an advance of $1,000 per family, the OFM did not deduct the value of an advance from one employee's travel claims. A voucher examiner approved and paid a claim of $15,832 to one employee although the employee documented the cash advance on a travel reimbursement request. Consequently, the mission overpaid the employee the amount of the advance, or $1,000.

Mission OFM officials believe that the overpayment occurred because of a voucher examiner's oversight. The advance remained outstanding for 7 months, until auditors conducted tests of data during a review of the mission's consolidated financial statements.

Although the evacuation period was a stressful time for many, OFM officials should exercise due professional care when paying expenses and reimbursing employees for travel claims to avoid overpayments. In doing so, the mission ensures that limited financial resources are used for their intended purposes in accordance with federal regulations. Accordingly, this audit makes the following recommendation.

Recommendation 6. *We recommend that USAID/Egypt determine the allowability of $1,000 in questioned costs and recover from the employee any amounts determined to be unallowable.*

USAID/Egypt Did Not Accurately Reimburse Employees for Evacuation Allowances

The DSSR 600 Series, "Payments During Evacuation/Authorized Departure," Section 631, "Travel Expense Allowances," requires travel per diem for the employee and dependents to be payable from the date of departure from an evacuated post through the date of arrival at a safe haven, including any periods of delay en route beyond the evacuee's control that may result from travel arrangements. DoS Evacuation Cable 008759 designates the safe haven for all DoS employees as Washington, D.C., and for other agencies as the location of their headquarters. DSSR 631a, "Special Safehaven Travel Considerations," states that evacuated employee dependents have the option of traveling to and residing in any place in the United States, even though the employee's safe haven is authorized as Washington, D.C. The Secretary of State makes the official decisions about an alternate safe haven that is in a foreign area. In addition, the regulation entitles employees to other benefits, such as subsistence expenses and telephone calls pertaining to the evacuation, but does not authorize excess baggage expenses.

According to the DoS, the approved per diem rates for Istanbul, Turkey, were $252 for lodging and $115 for M&IE for February 2011. However, USAID/Egypt paid excess benefits of $389 to one employee whose spouse was evacuated from Cairo to Istanbul on January 31, 2011. The spouse remained in Istanbul for 5 nights before arriving at the safe haven location in Washington, D.C., on February 6, 2011. The employee requested reimbursement for hotel, meals and incidentals, and excess baggage for 5 nights in Istanbul, resulting in an overpayment, as shown in Table 2.

Table 2. Questioned Cost Calculations for Multiple Expenses (audited) ($)

Date	Employee Payment Request			Audit Calculation			Collectible Variance
	Lodging	**M&IE**	**Total**	**Lodging**	**M&IE**	**Total**	
1/31/2011	240	95	335	191	86	277	58
2/1/2011	240	127	367	191	115	306	61
2/2/2011	240	127	367	191	115	306	61
2/3/2011	240	127	367	191	115	306	61
2/4/2011	240	127	367	191	115	306	61
Baggage			87				87
Total			**1,890**			**1,501**	**389**

Based on a review of supporting invoices, the lodging rate for the 5 nights in Istanbul was 303 Turkish lira per night. According to Oanda Corporation's *Trading and Exchange Rate Services*, the exchange rate as of February 4, 2011, was equivalent to $191. In addition, the employee claimed 5 nights for M&IE at $127 when the actual rate was $115. Moreover, the employee requested reimbursement of $240, or about $50 per night more than authorized, and claimed $87 for excess baggage that was an unauthorized expense.

USAID/Egypt's Executive Officer approved the additional days en route to the official safe haven so that the couple could be reunited at an alternate safe haven in a foreign area where the employee was on temporary duty. As a justification, the Executive Officer stated that the marginal cost of paying for additional expenses while waiting for a DoS Under Secretary decision was warranted. According to the voucher examiner's supervisor, the voucher examiner and supervisor did not identify the overpayment because the OFM staff was under pressure caused by the Egyptian revolution.

Although the Executive Officer had limited authority to approve an extended layover in some instances, financial management staff must exercise due professional care to ensure that funding is accurate and not in excess of immediate needs to avoid overpayments. To address this issue, this audit makes the following recommendation.

> ***Recommendation 7.*** *We recommend that USAID/Egypt determine the allowability of $389 in questioned costs and recover from the employee any amounts determined to be unallowable.*

USAID/Egypt Did Not Appropriately Approve Evacuation Allowance Reimbursements

The authorized rate schedule for Washington, D.C., lists the lodging rate as $181 per night for February 2011. DSSR 632, "Subsistence Expense Allowance (SEA)," authorizes benefits for evacuated employees and dependents that include lodging, with receipt, and M&IE. Financial management staff may authorize lodging up to 100 percent of the per diem rate for a family or up to 150 percent for special family compositions. Accordingly, the allowable lodging at a safe haven may include the per diem plus a flat amount equal to 100 percent of the M&IE portion of the safe haven per diem rate. The regulations define special family compositions as:

(a) First Evacuee plus one (nonspouse or nondomestic partner family member, age 18 or older).

(b) First Evacuee plus one (nonspouse/nondomestic partner family member of opposite gender, age 12 or older).

(c) First Evacuee plus two (one nonspouse/nondomestic partner family member, age 18 or older; or one nonspouse/nondomestic partner family member, opposite gender, age 12 or older).

(d) First Evacuee plus three (one nonspouse/nondomestic partner family member, age 12 or older).

(e) First Evacuee plus four or more family members.

The mission processed one of two requests for reimbursement of evacuation expenses for an employee who claimed a per diem lodging rate that did not match lodging receipts provided. The overpayment, valued at about $657, occurred when the employee changed the lodging rate that OFM paid from previously approved reimbursement requests. Consequently, the employee claimed the maximum allowable lodging rate instead of actual lodging expenses charged in a prior reimbursement submission. Although the allowable lodging rate in Washington, D.C., during February 2011 was $181 per night, the employee claimed various daily rates for the period of February 5–22, 2011, resulting in $4,251 in total costs of $657 more than the allowable amount, as shown in Table 3.

Table 3. Questioned Cost Calculations for Subsistence Expenses (audited) ($)

Expense	Employee Voucher	Audit Correction	Variance Collectible
Lodging : 2/5–22/2011	3,732	3,172	560
Taxes	519	422	97
Total	**4,251**	**3,594**	**657**

USAID/Egypt financial management staff approved the reimbursement request based on documentation submitted by the employee that showed a total daily value for 84 days at the rate of $211 a night that was based on the maximum allowable daily lodging rates. According to the employee and the authorized certifying officer, the former controller approved the retroactive calculation of the reimbursement amount because the employee provided a revised receipt calculated with a daily rate of $211 per night that was below the maximum reimbursable amount for the period of February 5–22, 2011. Nevertheless, the employee is entitled only to actual daily lodging costs and not the maximum allowable daily lodging rate.

The audit also disclosed that USAID/Egypt processed at least one request for reimbursement of evacuation allowance for a Senior Foreign Service officer who claimed a per diem lodging rate in excess of the allowable amount. The overpayment, valued at about $240 for the employee and spouse, occurred when the employee claimed and was paid an unallowable lodging rate. Although the allowable lodging rate in Washington, D.C., during February 2011 was $181 per night, the employee claimed $191 per night for 20 of 25 lodging nights, as illustrated in Table 4.

Table 4. Questioned Cost Calculations for Subsistence Expenses (audited) ($)

Expense	Employee Voucher	Audit Correction	Variance Collectible
Lodging Rate	191	181	10
Taxes	28	26	2
Subtotal	219	207	12
# of nights	x 20	x 20	x 20
Total	**4,380**	**4,140**	**240**

According to officials, USAID/Egypt approved the excess lodging payments because the Senior Foreign Service officer and spouse qualified as a special family composition, as there were always two people staying in the room. However, according to the definition in DSSR 632, an employee and spouse do not qualify as a special family composition. Consequently, the employee paid about $240 more than the allowable SEA benefit.

In addition, the mission processed a request for reimbursement of evacuation allowance for another employee who claimed a per diem lodging rate in excess of the allowable amount. The overpayment, valued at about $222, happened when the employee claimed and was paid an incorrect lodging rate for February 2011. Although the allowable lodging rate in Washington, D.C., during February 2011 was $181 per night, the employee claimed $209 per night for 9 nights, as shown in Table 5.

Table 5. Questioned Cost Calculations for Subsistence Expenses (audited) ($)

Expense	Employee Voucher	Audit Correction	Variance Collectible
Lodging Rate	209	181	28
Taxes	23	26	(3)
Subtotal	232	207	25
# of nights	x 9	x 9	x 9
Total	**2,088**	**1,863**	**225**

According to the mission's supervising voucher examiner, OFM staff was under pressure caused by the revolution in Egypt. Consequently, the voucher examiner and supervisor did not accurately review the traveller's request for reimbursement.

USAID financial management staff authorizes payments of government funds to ensure that incurred debts are paid in a timely manner. However, a mission should make every effort to ensure that receipt documentation supports a request for reimbursements that are authorized, allocable, allowable, and correct to avoid payments in excess of allowable expenses. Using the best documentation available can help staff avoid overpayments. In cases where authorized allowable rates may fluctuate, mission financial management staff should remain alert to requests for payments of a total line item cost that may be better calculated based on a daily rate that could fluctuate in excess of allowable expenses. As a result, this audit makes the following recommendation.

> ***Recommendation 8.*** *We recommend that USAID/Egypt review employees' payment requests for lodging to determine the allowability of all payments including the identified questioned costs of $657, $240, and $225 and recover from the employees any amounts determined to be unallowable.*

USAID/Egypt Did Not Ensure That Reimbursements Were Reconciled With Approved Travel Documentation

ADS 596.3.1, "Establishing Internal Controls," states that internal control activities help ensure that management directives are carried out, and the control activities must be effective and efficient in accomplishing the Agency's control objectives. ADS 596.3.1c further notes that control activities include reviews by management at the functional or activity level, and appropriate documentation of transactions and internal control. The responsibilities of an authorized certifying officer (ACO), documented in ADS 630.2f, "Primary Responsibility for Certifying Officers," include ensuring that the law permits the payment; that the authorized paying office has obtained the required administrative approvals; and that the prices and calculations are accurate.

At USAID/Egypt, mission financial management officials developed procedures for documenting and reviewing accounts payable and advances in 2006. In accordance with the mission procedures, the ACO is required to verify that voucher information in the accounting system agrees with the hard copy of the travel voucher. If the information on the hard copy of the voucher agrees with the information in the accounting system, the ACO certifies and approves the voucher for payment in the accounting system. If the ACO does not approve the voucher, the hard copy of the voucher is returned to the supervisory voucher examiner, who has management oversight responsibilities to ensure that the voucher examiner makes the necessary corrections to the payment document. When the voucher examiner revises the payment document and the supervisor approves the revisions, the voucher examiner returns the hard copy to the ACO for certification and approval.

A review of six of USAID/Egypt's approved allowance reimbursement requests (vouchers) showed that the payment amount did not always match the amount on the approved allowance voucher. Of the six sampled allowance vouchers, only three had amounts that matched the payment recorded in the accounting system. In one case, the ACO approved a reimbursement request for one employee valued at $10,461. However, the mission actually paid the employee $10,489, based on the voucher examiner's recalculation and a review of the accounting system.

Although mission payment procedures require the ACO to compare a hard copy of the voucher with the accounting system prior to certification, mission staff noted that the ACO does not rely on the voucher to calculate payments. Instead, the ACO uses the amounts recorded on the voucher examiner's recalculation spreadsheet to certify/approve payments in the accounting system. Some employees are not following mission procedures, which has resulted in some errors.

As a steward of government funds, an ACO has the fiduciary responsibility to ensure that USAID payments are legal, authorized, and accurate. An ACO is strictly liable for any illegal, improper, or incorrect payment, and therefore is required to make restitution for any illegal, improper, or incorrect payments resulting from false, inaccurate, or misleading certifications. It is imperative that a mission's internal controls operate effectively to provide reasonable assurance that payments are appropriate and accurate to prevent misappropriation or misuse. Consequently, the audit makes the following recommendation.

> ***Recommendation 9.*** *We recommend that USAID/Egypt develop and implement management review procedures that supervisors can verify and document on an intermittent schedule.*

USAID/Egypt Did Not Require Employees to Submit Travel Authorizations With Reimbursement Requests

USAID guidance regarding travel authorizations lies in two ADS chapters. ADS 522.5.2, "Travel Authorizations," notes that the Form AID 5–8 is the form for reporting expenses incurred while performing official travel, and each travel authorization (TA) must document details such as the purpose of travel, authorized point(s) of departure and final destination, and expenses each traveler is authorized to incur. The TA must also specify whether the government will pay related expenses directly or will reimburse an employee for expenses incurred. ADS 630.3.10.2, "Voucher Examiner Responsibilities," states that voucher examiners are responsible for the proper review and processing of vouchers that contractors submit to USAID. The review must include the following actions:

1. Determining that a valid obligation exists.

2. Determining the appropriate USAID approvals and authorizations and the support documentation for the obligating document.

3. Verifying a payee's name, address, and other personally identifiable information.

4. Checking the mathematical accuracy of a vendor's invoice.

5. Observing established internal controls designed to prevent any improper or duplicate payment.

6. Making certain that the disbursement is in accordance with laws and regulations.

7. Determining the payment due date and computing interest on late payments, if required, in accordance with prompt payment guidelines.

Since 2004, USAID/Egypt has used a computerized filing system to store some of its financial data. Although USAID/Egypt's policy is to upload vouchers and supporting documentation, some of the supporting documentation was not uploaded for 9 of 30 sampled allowance vouchers valued at $119,941. Mission officials noted that supporting TAs would be available for review in an original hard copy document. However, files for eight of nine vouchers, valued at $107,491, did not contain the authorizing documents to support a reimbursement request or liquidation.

Although the Agency requires that TAs be submitted with each voucher, mission officials noted that the TAs were not included in the voucher files because the authorizations were obtained during a prior voucher submission, and the voucher examiner did not require employees to resubmit the authorizing document, the AID 5–8 travel authorization.

The minimum documentation required to establish and verify official travel as valid is a properly approved travel authorization. Voucher examiners are not able to validate obligations without approved travel authorizations. Accordingly, this audit makes the following recommendation.

Recommendation 10. *We recommend that USAID/Egypt revise and implement its mission procedures to require financial management staff to include travel authorizations in a travel voucher package before employee reimbursements are processed.*

EVALUATION OF MANAGEMENT COMMENTS

Of the ten recommendations in our draft report, USAID/Egypt officials agreed with four recommendations, partially agreed with two recommendations, and disagreed with the remaining four recommendations. Consequently, management decisions have been reached and final action taken on Recommendations 6 and 7. Management decisions will be reached on Recommendations 1 and 8 when a determination has been made on the amount of questioned costs to be recovered. In addition, mission officials partially agreed with Recommendations 3 and 9 and have taken some required actions. Consequently, management decisions have not been reached on parts of Recommendations 3 and 9 or on Recommendations 1, 2, 4, 5, 8, and 10. The mission should determine the amount of questioned cost to be recovered for Recommendations 1 and 8 by the target date, and provide action plans and target dates to implement recommendations 2, 3, 4, 5, 9, and 10 within 30 days of the final report.

Recommendation 1. USAID/Egypt mission officials agreed that an overpayment occurred and the mission's OFM and Executive Office officials plan to determine the allowability of $2,601 in questioned costs and recover from the employee any amounts determined to be unallowable by December 31, 2011. Accordingly, a management decision has not been reached on this recommendation.

Recommendation 2. USAID/Egypt mission officials did not agree to update and implement procedures to include determining whether separate maintenance allowance benefits are authorized properly and are allowable, and to collect any disallowed costs. While USAID/Egypt officials believe that clear procedures for separate maintenance allowance benefits exist, management controls failed when the mission erroneously reimbursed an employee for an amount in excess of allowable benefits. Although the employee alerted mission officials about circumstantial changes that affected the allowance status, mission officials did not recalculate and convert the allowance, resulting in an overpayment. Therefore, a management decision has not been reached on this recommendation.

Recommendation 3. Mission officials partially agreed with the recommendation to issue a written reminder to all employees to adhere to Agency guidelines that require the use of the government travel card in lieu of an advance of funds and publicize the possible penalties for not following Agency guidelines. Although the Executive Office issued a written reminder to employees to adhere to guidelines on the required use of the government travel card, the reminder was incomplete since it did not include adverse consequences for nonuse of the card. Until USAID has explicitly documented or publicized disciplinary and adverse actions resulting from not using the required government-sponsored travel card, managers have a minimal responsibility to take preventive measures, such as counseling subordinate employees to preempt the need for disciplinary action. Accordingly, a management decision has not been made on this recommendation.

Recommendation 4. USAID/Egypt mission officials did not agree to determine the type of offense and appropriate disciplinary action for nonuse of the government-sponsored travel card and document actions in the applicable personnel file, as warranted. Mission officials stated that it would not be appropriate to apply disciplinary action in the absence of Agency guidance.

However, RIG/Cairo's position is with minimal preventive measures as management controls for documenting and publicizing possible disciplinary and adverse actions resulting from not using the required government-sponsored travel card, mission managers would demonstrate a supportive management attitude to ensure consistency and equity in application of regulations and guidance. A management decision has not been reached on this recommendation.

Recommendation 5. Mission officials disagreed with the recommendation to update the procedures manual for advances and accounts payable by documenting limitations on advances to U.S. direct-hire staff. Although the Federal Travel Regulation permits advances due to financial hardship during temporary duty travel, DoS regulations allow travel advances only within 30 days of the effective date of an evacuation. Since USAID/Egypt does not normally provide salary or travel advances to U.S. direct-hire employees, to ensure equity and transparency, documented examples of limitations and differences in travel regulations has a definitive benefit for financial management employees. Accordingly, USAID/Egypt has not reached a management decision on this recommendation.

Recommendation 6. USAID/Egypt financial managers agreed that the questioned costs of $1,000 were unallowable and recovered $1,000 from the employee in question on September 25, 2011. Consequently, a management decision has been reached and final action taken on this recommendation.

Recommendation 7. Mission financial managers agreed that the questioned costs of $389 were unallowable and recovered $393 from the employee on October 12, 2011. As a result, a management decision has been reached and final action taken on this recommendation.

Recommendation 8. USAID/Egypt financial managers have agreed to review the questioned costs to determine whether any amounts are unallowable and recover by December 31, 2011, any overpayments made to evacuees. Therefore, a management decision has not been reached on this recommendation.

Recommendation 9. Mission officials partially agreed with the recommendation to develop and implement procedures for periodically verifying and documenting supervisory reviews. Although mission officials agreed with emphasizing the importance of ensuring that supporting financial documentation reconciles with information in the accounting system, they did not agree with documenting supervisory reviews. RIG/Cairo believes that the control is not effective when supervisory review is not documented. Consequently, a management decision has not been reached on this recommendation.

Recommendation 10. USAID/Egypt officials did not agree to revise and implement procedures to require the inclusion of travel authorizations in a travel voucher package before employee reimbursements are processed. While the retention of obligating documents is expected, it is only a portion of information required to ensure that reviewers authorize payments properly. RIG/Cairo's position is since the life cycle of a transaction would include obligating documents and supporting documents, management controls become more effective to minimize unauthorized payments and promote reviews by examiners, supervisors, and oversight officials in a timely manner. Therefore, a management decision has not been reached on this recommendation.

SCOPE AND METHODOLOGY

Scope

RIG/Cairo conducted this performance audit in accordance with generally accepted government auditing standards.[6] Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. RIG/Cairo believes that the evidence obtained provides that reasonable basis.

The audit objective was to determine whether USAID/Egypt appropriately and accurately paid expenses for selected evacuation allowances. The audit team conducted fieldwork at USAID/Egypt in Cairo from July 25 to August 11, 2011, and the audit covered the period from January 31 to June 30, 2011. As of June 30, 2011, USAID/Egypt's OFM disbursed approximately $1.2 million of evacuation allowances for 45 employees through 223 transactions. The audit team judgmentally selected 30[7] transactions for testing valued at $386,485, or 32.6 percent of $1.2 million. Additionally, RIG/Cairo considered results of reviews of USAID/Egypt's payments of allowances and evacuation travel benefits when conducting audit work of USAID/Egypt's FY 2011 Financial Statements as a part of the Office of Inspector General's annual GMRA audit. Although the amount of questioned costs related to evacuation allowances may be immaterial to the Agency's financial statements, the risk of inaccurate payments is high given the infrequency of evacuations.

In planning and performing the audit, we assessed management controls related to documentation and data verification, reporting, supervisory and management review at the functional and activity levels, accurate and timely recording of transactions and events, and proper execution of transactions and events. We conducted the audit through interviews with mission staff, observations, and review of documents and files that USAID/Egypt provided. Specifically, we obtained an understanding of and evaluated the mission's accounts payable and advance procedures; USAID/Egypt's FY 2011 Federal Managers' Financial Integrity Act assessment; and the oversight performed by the voucher examiner's supervisor and authorized certifying officer.

Methodology

To answer the audit objective, RIG/Cairo interviewed personnel from USAID/Egypt, including Financial Management and Executive Offices staff, and evacuees. We reviewed documents and files provided by USAID/Egypt financial management staff that were uploaded in a mission electronic documentation filling system. Based on higher dollar value, the audit team judgmentally selected 30 of 223 transactions. The audit team cannot project results to the population of evacuation transactions. To determine whether USAID/Egypt appropriately and accurately paid expenses for selected evacuation allowances and travel benefits, RIG/Cairo performed procedures to ensure that (1) travel was properly approved and authorized by the Executive Officer or the traveler's supervisor; (2) evacuation expenses submitted for reimbursement were reasonable, valid, adequately supported, and timely; (3) travelers with

[6] *Government Auditing Standards*, GAO-07-731G (July 2007 revision).
[7] The sample of transactions does not include all travel reimbursement requests that employees may have submitted to USAID/Egypt's Financial Management Office during the 3-month evacuation period.

unresolved advances were not issued additional advances without written approval; (4) evacuation vouchers were submitted every 30 days or within 30 days of the rescinded evacuation orders; and (5) advances were canceled in a timely manner for canceled or unauthorized travel.

We validated reported results using numerous techniques that included tracing employee-submitted evacuation vouchers to supporting documents and records (e.g., lodging receipts and airfare receipts) and interviewing mission personnel and evacuees. In addition, we reviewed the mission's accurate and timely recording of transactions and events, and proper execution of transactions and event.

Furthermore, we reviewed applicable laws and regulations and USAID policies and procedures regarding selected USAID/Egypt evacuation allowance payments, including ADS Chapters 522 ("Performance of Temporary Duty Travel in the U.S. and Abroad"), 596 ("Management's Responsibility for Internal Control"), 621 ("Obligations"), 625 ("Accounts Receivable and Debt Collection"), 630 ("Payables Management"), and 633 ("Financial Management Aspects of Temporary Duty Travel); GAO *Standards for Internal Control in the Federal Government*; DSSR 260 ("Separate Maintenance Allowance"); 600 Series ("Payments During Evacuation/Authorized Departures"); DoS Cable 009570 – "Upgrade from Authorized to Ordered Departure from Post" and Cable 040818 – "Return of Evacuees to Post"; and USAID/Egypt's accounts payable and advances procedures.

MANAGEMENT COMMENTS

USAID | EGYPT
FROM THE AMERICAN PEOPLE

23 November 2011

Memorandum

To: Jacqueline Bell, RIG/Cairo

From: Walter North, Mission Director, USAID/Egypt /s/

Subject: Management Comments to RIG/Cairo Audit of Selected USAID/Egypt Evacuation Travel Payments and Other Allowances

USAID/Egypt appreciates the time and effort that the Regional Inspector General Cairo (RIG/C) staff devoted to its work under the "Audit of Selected USAID/Egypt's Evacuation Travel Payments and Other Allowances" (Audit Report NO. 6-263-12-0XX-P), dated 20 October 2011.

USAID/Egypt, cooperating with the Department of State and the U.S. Embassy in Cairo, evacuated 115 personnel and family members from its Cairo offices to avert imminent danger during a period of political transition and civil unrest in Egypt. The evacuation occurred between January and May 2011. At a cost of approximately $1.2 M dollars, the evacuation was successful in removing personnel from imminent danger at post to safe havens away from post.

RIG/Cairo has twice audited the evacuation benefits paid by USAID/Egypt and has produced three separate audit reports over the period June to November, 2011 as noted in this "Audit of Selected USAID/Egypt's Evacuation Travel Payments and Other Allowances" (Audit Report NO. 6-263-12-0XX-P), the Auditor's USAID/Egypt FY 2011 Government Management Reform Act (GMRA) Audit dated September 2011 and the "Audit of USAID/Egypt's Evacuation Benefits" that is expected to be issued before the end of calendar year 2011.

While, the evacuation was a disruptive event, no material weaknesses have been identified in any of these reports.

Responding fully to each of these reports has necessitated extensive work and many of the recommendations in these reports appear to be similar. These reports suggest that due to the infrequency of evacuations there is an increased risk to the Government. While we cannot make a judgment about that assertion, the audit found only $11,109 in questioned costs against $1.2 million in evacuation allowances paid.

The Mission is of the opinion that several of the audit recommendations are more appropriately addressed at the Agency level rather than at a Mission level. Many of the recommendations address issues related to a lack of clarity in relevant regulations or related to Agency wide policies or practices. It would be inappropriate for a Mission to issue rule setting procedures on such matters. Consequently, the Mission believes that such recommendations should be directed to the Agency level and not to the operating unit level of USAID/Egypt, in order for the response to be more appropriately reviewed, cleared and ultimately promulgated by the Agency.

Attached are the management comments related to the RIG/C findings and suggestions.

Management Comments to RIG/Cairo Audit of Selected USAID/Egypt Evacuation Travel Payments and Other Allowances

Recommendation 1. *We recommend that USAID/Egypt determine the allowability of $2,601 in questioned costs and recover from the employee any amounts determined to be unallowable.*

Management Decision: USAID/Egypt concurs with recommendation one. The Mission has already addressed this particular recommendation in its Management's comments to the Auditor's USAID/Egypt FY 2011 Government Management Reform Act (GMRA) Audit Summary Memo dated 13 September 2011. The USAID/Egypt Office of Financial Management has worked with the Executive Office to determine the amount of questioned costs that are unallowable and will recover any overpayments made to the employee.

While not being able to replicate the calculation that led to the $2601 in questioned costs detailed in this report, Management has determined that payment of subsistence expense allowance was appropriate and within the Mission's discretion. The Mission concurs that an overpayment of separate maintenance allowance occurred due to the employee submitting a misinterpreted certification regarding continued eligibility for transitional separate maintenance allowance as opposed to voluntary separate maintenance allowance. Given the information that has come to light on this matter, a notice of collection will be issued to the employee for the difference between transitional separate maintenance allowance and voluntary separate maintenance allowance for the period 24 May 2011 to the end of the school year on 22 June 2011. This Action will be completed by 31 December 2011.

Recommendation 2. *We recommend that USAID/Egypt update and implement its procedures to include verifying reimbursement requests to determine whether separate maintenance allowance benefits were properly authorized and allowable and collect any costs determined to be unallowable.*

Management Decision: USAID/Egypt does not concur with recommendation two. The Mission asks that recommendation two be removed from this audit report or a determination be made that a management decision has been reached so this recommendation can be closed based on the existence of clear procedures which relate to such cases. Department of State Standardized Regulation 260 outlines the rules for provision of transitional separate maintenance allowance and voluntary separate maintenance allowance. ADS 477 states that the employee is responsible for informing the Office of Human Resources in Washington D.C. when circumstances affecting the allowance change and that the employee must submit a certification of continuing eligibility for separate maintenance allowance with each voucher. This USG policy was in place, was implemented and worked effectively in this case.

Recommendation 3. *We recommend that USAID/Egypt issue a written reminder to all employees to adhere to Agency guidelines that require the use of the government travel card in lieu of an advance of funds and publicize the possible penalties for not following the guidelines.*

Management Decision: USAID/Egypt partially concurs with recommendation three. As previously stated in Management's 13 September 2011 comments to the Auditor's Financial Statement Audit Summary Memo, the first of three evacuation reports, a Mission Notice was issued on 18 August 2011 to remind employees to use their government sponsored travel card. As this audit report states, there are no promulgated penalties for not using the government sponsored travel card. It is not an appropriate role for the Mission to develop and promulgate penalties for an Agency-wide matter. To the Mission's knowledge, no penalty has ever been issued at USAID for non-use of the government sponsored travel card. Therefore USAID/Egypt requests that RIG/C determine that a management decision regarding the employee reminder has been made and close that part of the recommendation, and requests that RIG/C remove the portion of the recommendation regarding publication of penalties.

Recommendation 4. *We recommend that USAID/Egypt determine the type of offense, administer the appropriate penalty, and document the appropriate mission or personnel file accordingly.*

Management Decision. USAID/Egypt does not concur with recommendation four. As noted above, no Agency-wide penalties for not using the GSTC exist. The Mission does not believe it is its role to apply disciplinary action at the Mission level for an Agency-wide issue. In the absence of Agency guidelines it would not be appropriate for the Mission to construct a penalty.

Recommendation 5. *We recommend that USAID/Egypt document the limitations for advances to U.S. direct hire staff in the mission's procedures for financial management advances and accounts payable.*

Management Decision: USAID/Egypt does not concur with recommendation five. The Mission does agree that well written policies enhance both Agency and individual performance. Existing ADS, Federal Travel Regulation, Depart of State Standardized Regulations and Mission standards address the issue of advances, all of which were applied in this case. The basis for formulating additional limitations, beyond federal and Agency policies is not clear. The Mission does not normally provide USDH with travel or salary advances. In exceptional circumstances, FTR 301-51.200 allows for travel advances for USDH in cases where financial hardship would be incurred. In addition to FTR travel advances, DSSR 615 allows for salary advances in the specific case of evacuations. The Mission did not provide any DSSR 615 salary advances.

Recommendation 6. *We recommend that USAID/Egypt determine the allowability of $1,000 in questioned costs and recover from the employee any amounts determined to be unallowable.*

Management Decision: USAID/Egypt concurs with recommendation six. As previously stated in Management's 13 September 2011 comments to the Auditor's USAID/Egypt FY 2011 Government Management Reform Act (GMRA) Audit Summary Memo, the first of three evacuation reports, the employee paid back the $1000 advance during the GMRA field work on 5 August 2011. Therefore a management decision has been reached and USAID/Egypt requests closure of this recommendation.

Recommendation 7. *We recommend that USAID/Egypt determine the allowability of $389 in questioned costs and recover from the employee any amounts determined to be unallowable.*

Management Decision: USAID/Egypt concurs with recommendation seven. As previously stated in Management's 13 September 2011 comments to the Auditor's USAID/Egypt FY 2011 Government Management Reform Act (GMRA) Audit Summary Memo, the first of three evacuation reports, Management has collected the overpayment from the employee equal to the questioned costs in Auditor's GMRA report of $393.10. Therefore a management decision has been reached and USAID/Egypt requests closure of this recommendation.

Recommendation 8. *We recommend that USAID/Egypt review employees' payment requests for lodging to determine the allowability of all payments including the identified questioned costs of $657, $240, and $225 and recover from the employees any amounts determined to be unallowable.*

Management Decision: USAID/Egypt concurs with recommendation eight that it review the questioned costs to determine whether any amounts are unallowable and recover any overpayments made to evacuees. A management decision on this action will be completed by 31 December 2011.

Recommendation 9. *We recommend that USAID/Egypt develop and implement management review procedures that supervisors can verify and document on an intermittent schedule.*

Management Decision: USAID/Egypt partially concurs with recommendation nine, insofar as it relates to reminding staff of how to implement existing review procedures. The USAID/Egypt Office of Financial Management conducts yearly refresher training for its Accounts Payable staff, where this information is covered. Moreover, as previously stated in Management's 13 September 2011 comments to the Auditor's USAID/Egypt FY 2011 Government Management Reform Act (GMRA) Audit Summary Memo, Management has reiterated and stressed the importance to all certifying officers that the SF1012 voucher cover sheet, the support documents and the accounting system all reflect the same amount to be paid to the payee. Therefore, USAID/Egypt requests that recommendation nine to be removed from the audit report or edited to acknowledge that a management decision has already been rendered and closed based on the refresher training taking place during fiscal year 2012.

Recommendation 10. *We recommend that USAID/Egypt revise and implement its mission procedures to require financial management staff to include travel authorizations in a travel voucher package before employee reimbursements are processed.*

Management Decision: USAID/Egypt does not concur with recommendation ten. As previously stated in Management's 13 September 2011 comments to the Auditor's USAID FY 2011 Government Management Reform Act (GMRA) Audit Summary Memo, ADS 630.3.10.2 requires a voucher examiner to ensure that a valid obligation exists and that the obligation supports the invoice or claim that has been submitted. Consistent with ADS 630, standard USAID/Egypt operating procedure is that voucher examiners examine a travel voucher against a travel authorization as well as any other applicable regulations and policies not included explicitly in the travel authorization. The ADS 630 does not require that an obligating document be attached to a voucher and to require this would create redundant paperwork.

End of document.

Some Allowances Available for Evacuated Employees

USAID/Egypt had an increased risk of improperly processing payments of allowances and travel benefits to evacuees as authorized by the Department of State Standardized Regulations (DSSR) 630, "Special Allowances." According to DSSR 630, types of authorized allowances and evacuation benefits include the following:

- **Travel Expense Allowances.** As U.S. direct-hire employees and dependents are in transit status, this regulation authorizes associated lodging and transportation costs, meals, and related expenses for the employee and dependents. The per diem rate is equal to the rate payable to the employee from the date of departure from the evacuated post through the date of arrival at the designated safe haven, including any periods of delay en route beyond the evacuee's control that may result from travel arrangements. Typically for a U.S. direct-hire, Washington, D.C., or another U.S. duty station is the official safe haven. However, for dependents, a safe haven is any place in the United States, or a foreign location based on DoS approval.

  In lieu of an airfreight allowance from post, a flat amount for airfreight replacement allowance may be granted to help defray costs of items normally part of the authorized airfreight shipment that must be purchased. The flat amounts are as follows:

  - First evacuee without family: $250
  - First evacuee with one family member: $450
  - First evacuee with two or more family members: $600

  Even when the airfreight replacement allowance is granted from post, evacuees are still eligible for an airfreight allowance when and if they return to post.

  Additionally, in the absence of a privately owned vehicle at the safe haven location, a transportation allowance to assist with unexpected local transportation costs may be paid in the amount of $25 per day, regardless of family size.

- **Subsistence Expense Allowance (SEA).** When the official safe haven is designated as the United States, the SEA is based on safe haven location per diem. The first evacuee of a family unit is reimbursed for lodging expenses based on either a commercial or noncommercial rate. When the officially designated safe haven is a foreign area, the SEA is based on the per diem rate of the designated foreign area. When an evacuee goes to an approved alternate safe haven, the SEA is based on the lower of the following per diem rates: (1) the locality to which evacuated, (2) the rate applicable to the official safe haven (whether U.S. or foreign), or (3) the standard continental rate within the United States.

  The daily per diem amounts allowed for days 1 through 30 following arrival at the safe haven location are up to 100 percent (or up to 150 percent for special family compositions) of the lodging portion of the safe haven per diem rate (receipt required). In addition, a flat amount (no receipts required) equal to 100 percent of the meal and incidental expense (M&IE) portion of the safe haven per diem rate is allowed for the first evacuee. For each additional evacuee age 18 or over, allowances include a flat amount equal to 100 percent of the M&IE portion of the safe haven per diem rate. For each additional evacuee under age 18, allowances include a flat amount equal to 50 percent of the M&IE portion of the safe haven per diem rate.

The daily per diem amounts allowed from the 31st day following arrival at the safe haven through the end of the evacuation are up to 100 percent (or up to 150 percent for special family compositions) of the lodging portion of the safe haven per diem rate. Additionally, the regulations allow a flat amount equal to 80 percent of the M&IE portion of the safe haven per diem rate for the first evacuee. For each additional evacuee age 18 or over, the regulations allow a flat amount equal to 80 percent of the M&IE portion of the safe haven per diem rate. For each additional evacuee under age 18, the regulations allow a flat amount equal to 40 percent of the M&IE portion of the safe haven per diem rate.

- **Special Education Allowance.** Unless otherwise directed by the Secretary of State, the regulations permit a special education allowance for children evacuated to the official safe haven.

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