



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S CONTROLS OVER THE USE OF PREMIUM- CLASS TRAVEL

AUDIT REPORT NO. A-000-16-005-P
February 2, 2016

WASHINGTON, D.C.



Office of Inspector General

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MEMORANDUM

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Acting Director, Office of Acquisition and Assistance, Mark Walther
Director, Office of Civil Rights and Diversity, JuanCarlos M. Hunt

FROM: Deputy Assistant Inspector General for Audit, Alvin A. Brown /s/

SUBJECT: Audit of USAID's Controls Over the Use of Premium-Class Travel (Report No. A-000-16-005-P)

This memorandum transmits our final report on the subject audit. In finalizing the audit report, we considered your comments on the draft and included them in their entirety, excluding attachments, in Appendix II.

The audit report contains 27 recommendations to help USAID strengthen controls over its use of premium-class travel. After reviewing information provided in response to the draft report, we acknowledge USAID's management decisions on 24 of them. Of the 24, it took final action on Recommendations 15 and 27.

We disagree with the decision on Recommendation 22 and ask that you consider revising it. Please give us your management decisions for Recommendations 14, 18, and 19, and also provide evidence of final action on the open recommendations to the Audit Performance and Compliance Division.

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

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Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
CBA	centrally billed account
CMP	Cash Management and Payments Division
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
OCRD	Office of Civil Rights and Diversity
OIG	Office of Inspector General
SBU	sensitive but unclassified
TMC	travel management center
TTD	Transportation and Travel Division

SUMMARY OF RESULTS

Premium-class travel¹ can be very costly. In September 2007 the U.S. Government Accountability Office (GAO) reported:²

According to GSA [U.S. General Services Administration] data, the government fare for business class travel³ is typically more than 5 times the price of coach class travel for comparable routes, with some tickets costing more than 10 times as much. First class travel can be even more costly.

In that report, GAO concluded, “Breakdowns in internal controls and a weak control environment resulted in at least \$146 million in improper first and business class travel governmentwide.”

USAID uses E2 Solutions (E2) to manage its travel activities, including travel authorizations and vouchers. E2 is a contractor’s system managed under GSA’s information technology security program for the federal government.

In March 2011 USAID entered into an agreement with Duluth Travel Inc. to provide travel management center (TMC) services, which includes arranging flights for Agency staff. However, according to an Agency notice, on October 16, 2015, C.I. Travel Center (henceforth referred to as C.I. Travel) became the Agency’s new TMC.

The following USAID offices have responsibilities for implementing Agency policies and procedures regarding temporary duty travel.³

- The chief of the Bureau for Management, Transportation, and Travel Division (TTD) is responsible for developing travel policies and procedures; reviewing travel authorizations for compliance with laws, regulations, and policies; and authorizing travel.
- The chief of the Bureau for Management, Office of the Chief Financial Officer, Financial Policy and Support Division, is responsible for developing policies and procedures for financial aspects of temporary-duty travel. These policies and procedures must be coordinated with TTD.
- The Office of Civil Rights and Diversity (OCRD) is responsible for determining whether someone is eligible for premium travel because of a disability.

According to E2, from December 1, 2012, to November 30, 2014, USAID/Washington had 245 premium travel trips worth a total of \$3.1 million.

¹ GAO defined premium-class travel as first and business class. According to the Federal Travel Regulation, Section 301-10.121, first class is the “highest class of accommodation offered by the airlines in terms of cost and amenities,” and business class “is a class of accommodation offered by airlines that is higher than coach and lower than first-class, in both cost and amenities.”

² *Premium Class Travel: Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel* (No. GAO-07-1268, September 2007).

³ According to USAID’s ADS 522.1, temporary-duty travel is defined as travel for official business that is at least 50 miles from “an employee’s home and duty station” and lasts more than 12 hours.

Therefore, USAID's Office of Inspector General (OIG) initiated this audit to determine whether USAID implemented controls to prevent improper use of premium-class travel in accordance with Agency policy. This audit concluded that USAID did not. Specifically, the Agency:

- Did not fully meet requirements for its premium travel trips (page 5).
- Could not perform appropriate reviews of its travel card bills before paying airfare (page 12).
- Did not have reasonable assurance that agent fees were accurate (page 14).
- ~~(SBU)~~ Did not mark its business-class certification form as sensitive, and travelers did not always use the current form (page 16).
- Did not update the policy and procedures for approving requests for reasonable accommodations (page 18).

In addition, the audit identified other matters. USAID did not:

- ~~(SBU)~~ Authorize the E2 system for Agency operations (page 20).
- ~~(SBU)~~ Cancel unneeded system administrators' access to E2 (page 21).
- Define requirements in its new travel management contract for monthly reconciled reports on the Agency's centrally billed account (CBA) (page 22).
- Include penalties for not complying with reporting requirements in its new contract (page 23).
- Include clear language regarding refunds of CBA purchases in its new contract (page 24).
- Include clear language regarding rest stops in its new contract (page 25).

To correct these weaknesses, OIG recommended that USAID:

1. Prepare a written checklist for its travel assistants to confirm that travel authorization packages for premium travel are reviewed under the same standards (page 10).
2. Provide training to its travel assistants on how to use the checklist (page 11).
3. Revise ADS 522 to include an explicit list of documents that need to be uploaded into E2 with the travel request (page 11).
4. Make a written determination whether the premium-class travel costs for trip number 5737485-1 are allowable, and recover any amount that is not allowable (page 11).
5. Make a written determination whether the premium-class travel costs for trip number 5978583 are allowable, and recover any amount that is not allowable (page 11).
6. Make a written determination whether the premium-class travel costs for trip number 5687541-1 are allowable, and recover any amount that is not allowable (page 11).

7. Make a written determination whether the premium-class travel costs for trip number 6128085-1 are allowable, and recover any amount that is not allowable (page 11).
8. Make a written determination whether the premium-class travel costs for trip number 5969238-2 are allowable, and recover any amount that is not allowable (page 11).
9. Make a written determination whether the premium-class travel costs for trip number 6406982 are allowable, and recover any amount that is not allowable (page 12).
10. Make a written determination whether the premium-class travel costs for trip number 5709101-3 are allowable, and recover any amount that is not allowable (page 12).
11. Make a written determination whether the premium-class travel costs for trip number 6412021 are allowable, and recover any amount that is not allowable (page 12).
12. Make a written determination whether the premium-class travel costs for trip number 6228535-1 are allowable, and recover any amount that is not allowable (page 12).
13. Make a written determination whether the premium-class travel costs for trip number 5671134-3 are allowable, and recover any amount that is not allowable (page 12).
14. Include in the ADS an explicit list of documents required for travel vouchers (page 14).
15. Include in the contract with Duluth Travel a clear description of the data that should be presented in the monthly CBA reconciliation report (page 14).
16. Implement a written process for reviewing each centralized Citibank travel card airfare expense to supporting documentation for the issued ticket before approving the payment (page 14).
17. Implement a written process for reviewing agent fees before approving payment (page 16).
18. Include an explicit requirement in ADS for travelers to document and report all requests for TMC service to issue airfare tickets (page 16).
19. Provide training to all USAID staff regarding traveler actions that result in agent fees to the Agency, traveler's responsibilities, and all applicable related policies (page 16).
20. Obtain the Information Records Division's approval for the revised business-class certification form (page 18).
21. Update ADS 110, "Equal Employment Opportunity," to reflect the current Agency policies and procedures (page 19).
22. Update ADS 522, "Performance of Temporary Duty Travel in the U.S. and Abroad," to reflect the current policies and procedures for approving requests for premium-class travel based on disabilities (page 19).
23. ~~(SBU)~~ Conduct a written review of GSA's security package for E2 (page 21).

24. ~~(SBU)~~ Make a written determination whether E2 should be authorized for Agency operations (page 21).
25. ~~(SBU)~~ Update ADS 545, "Information Systems Security," to clearly discuss the requirements for authorizing third-party systems for Agency operations (page 21).
26. ~~(SBU)~~ Develop procedures and revise standard operating procedures to certify periodically whether E2 accounts should remain active and disable unneeded accounts (page 22).
27. Remove the second paragraph from the C.12.2 section of contract no. AID-OAA-M-15-00001 with C. I. Travel Center (page 25).

Detailed findings appear in the following section, and Appendix I has the audit scope and methodology. We included our evaluation of management comments on page 28, and the full text of management comments is in Appendix II.

AUDIT FINDINGS

USAID Did Not Fully Meet Agency Requirements for Its Premium Travel Trips

As discussed below, 36 of 47 (76 percent) statistically selected trips did not fully meet Agency requirements for premium-class travel. Because this is based on a statistical sample, it can be projected to all 245 trips in E2 using premium-class travel that originated from Washington, D.C., from December 1, 2012, through November 30, 2014.

Furthermore, premium-class travel trips were not always classified properly in E2, and did not always have enough documentation to determine the classification. The requirements applicable to premium-class travel are ADS 522, "Performance of Temporary Duty Travel in the U.S. and Abroad"; ADS 110, "Equal Employment Opportunity"; USAID's Policy-Reminder, "Standard Remarks for E2 Travel Authorizations and Travel Vouchers"; and GAO's *Standards for Internal Control in the Federal Government* (henceforth referred to as "Standards"). The specific criteria used to support this finding are found in Appendix III on page 42.

Trips Categorized as "Travel in Excess of 14 Hours TDY" Did Not Always Meet Requirements. ADS 522.3.11.1.a. and *Standards* establish requirements for "Travel in Excess of 14 Hours TDY" (See Appendix III, pages 42 and 44.)

Of the seven trips⁴ in our sample in this category (one of which was also in the "Security" exception):

- Four did not qualify for premium-class travel because the trips did not last more than 14 hours.
- Two travelers did not include their final itineraries in E2, thus the reviewer could not determine whether their flights were at least 14 hours long.
- One traveler's business-class certification did not provide an adequate justification for not taking a rest stop instead of traveling premium class.
- Two travelers inappropriately took a rest stop in addition to traveling premium class.

Trips for "Travel by an Individual with a Disability" Did Not Always Meet Requirements. ADS 522.3.11.1, 522.3.11.1.c, 110.3.6.2, and *Standards* establish requirements for "Travel by an Individual with a Disability" (See Appendix III, pages 42 through 44.)

⁴ Some of trips had more than one problem, thus the numbers presented do not total seven.

Of the 28 trips⁵ in our sample that fell in this category:

- Thirteen travelers did not upload their business-class certification form into E2 or the form was not approved.
- Six did not include their final itineraries in E2, thus the reviewer could not determine whether their flights met the requirements of the traveler's reasonable accommodation letter from OCRD.
- Four travelers' premium travel only partially qualified because segments of their trips were too short to qualify for premium travel as required in the traveler's reasonable accommodation letter from OCRD.
- Three did not upload their business-class certification form or their reasonable accommodation letter from OCRD into E2.
- Two uploaded incomplete business-class certification forms into E2.
- Two did not upload OCRD documentation stating that premium travel was needed to reasonably accommodate the traveler.

Trips for "Travel by a Person with Special Physical Needs" Did Not Have Approved Business- Class Certification Forms. ADS 522.3.11 and 522.3.11.1 establish requirements for "Travel by a Person with Special Physical Needs." (See Appendix III, page 42.)

Of the seven trips in our sample that fell in this category, five travelers did not upload an approved business-class certification form into E2. In addition, two uploaded forms that were not approved.

Support Not Provided for Premium Travel for "No Space Available in Coach Air Accommodations." ADS 522.3.11.1.f establishes requirements for "No Space Available in Coach Air Accommodations." (See Appendix III, page 43.)

The one trip in our sample in this category did not have documentation to show that the airline did not have coach accommodations available and that it was critical for the employee to travel at that time. Because this review was of a statistical sample, this issue can be projected to all 8 of the 245 premium travel trips in E2 in this category.

Support Not Provided for Premium Travel for "Security Reasons." ADS 522.3.11 and 522.3.11.1.g establish premium travel requirements for "Security Reasons." (See Appendix III, page 42 and 43.)

The one trip in our sample in this category did not have the proper documentation to show that business class was necessary for security reasons. Because this review was of a statistical sample, this issue can be projected to all 5 of the 245 premium travel trips in E2 that fell in this category.

⁵ Some of trips had more than one problem, thus the numbers presented do not total 28.

Required Language Not Always in Travel Authorizations. USAID's Policy-Reminder "Standard Remarks for E2 Travel Authorizations and Travel Vouchers" identifies language that should be included in travel authorizations. (See Appendix III, page 44.)

Six of 45⁶ travel authorizations did not have required language:

- Three did not state, "Premium class air travel is authorized for medical reasons."
- Two did not state, "The traveler is required to report for duty the day of arrival at post and cannot depart earlier to accommodate a rest stop."
- One did not state, "Premium class air travel is authorized for special physical need" and cite the date of the medical statement.

Trips Were Not Always Classified Properly in E2. According to GAO's *Standards*, management should "design control activities so that all transactions are . . . accurately recorded." (See Appendix III, page 44.)

Of the 47 trips in our sample, 13 were not classified in E2 under the correct premium-class travel category. For example, one was categorized as "travel by a person with a disability," and another was categorized as "travel by a person with special needs." However, both should have been categorized as "medical evacuation travel." In addition, the proper classification for four trips could not be determined because they did not have enough documentation.

These problems occurred for several reasons. First, although ADS 522 requires USAID's TTD to "review the [travel authorization] for content and compliance with the governing regulations," it does not specifically require employees there to confirm that all supporting documents are included with the travel authorization in E2.

Second, TTD officials said they did not have a checklist and training for their travel assistants to make sure they reviewed travel authorizations using the same guidelines. Therefore, each assistant reviewed travel authorizations based on their own experience and judgment.

Finally, the ADS is not specific enough to ensure employee compliance. ADS 522.3.11.1 states, "All justifications for premium class travel must be attached to the TA in the E2 travel system." However, 522.3.16 requires supporting documentation only in general terms: "Supporting documentation must be maintained for any event or action, including travel, that impacts on or results in financial activity." According to that section, that documentation can be e-mails, medical certificates, manual travel authorization forms, as well as written correspondence establishing justification. However, it does not explicitly require the traveler to upload:

- Completed, approved business-class travel certification forms.
- Final flight itineraries when the traveler requests premium-class travel because of a disability and the 14-hour rule.

⁶ This requirement was not applicable to 2 of the 47 trips in our sample because USAID did not have specific requirements for language that should be included in those categories.

- Documentation showing that the airline carrier did not have coach accommodations and that it was critical for the traveler to travel at that time.
- OCRD documentation stating that premium travel was needed to reasonably accommodate the traveler.
- Documentation showing that business class was necessary for security reasons.

In addition, for the weaknesses related to “Travel by an Individual with a Disability,” some TTD officials said reasonable accommodation letters signed by OCRD were sufficient and they did not need approved business-class certification forms. However, after OIG notified them about this requirement, they sent an Agency notice reminding staff to complete the forms in addition to the OCRD letter.

By the premium-class travel not meeting requirements, as shown in the following table, USAID incurred questioned costs for ten trips.⁷ Some had questioned costs because the trips did not meet requirements to qualify for premium travel. For example, three used premium class under the disability exception, and their OCRD letters approved them to fly business class for flights longer than 2 hours. Yet all three had one flight that was less than 1 hour and 15 minutes.

The other trips also incurred questioned costs because the travelers did not provide documentation proving that they qualified for premium-class travel. For example, two travelers did not provide an OCRD letter, a business-class certification form, or a written justification as required.

Table of Premium-Class Travel Trips With Questioned Costs (\$)

No.	Trip ID	Reason Cost Is Questioned	Estimated Cost of Premium-Class Ticket ⁸	Estimated Cost of Coach Ticket ⁹	Estimated Questioned Cost ¹⁰
1	5737485-1	This trip used the 14-hour exception, which requires the traveler to report to work on the day of arrival. The traveler’s return trip arrived at 2:05 p.m. It is not reasonable for a traveler who landed at that time to collect luggage, go to the office, and do enough work to justify flying business class.	18,599.20	4,408.90	14,190.30

⁷ OIG does not consider the other issues to involve questioned costs. They resulted instead from Agency policy that did not specify the documentation the traveler should provide for premium travel requests.

⁸ From business-class certification forms, travel authorizations, or USAID’s annual premium class report to GSA for fiscal years 2013 and 2014. We used various sources because of missing and inconsistent numbers/information.

⁹ From business class certification forms or USAID’s annual premium class report to GSA for fiscal years 2013 and 2014. We used various sources because of missing and inconsistent numbers/information.

¹⁰ Difference between premium-class ticket and estimated coach ticket.

~~SENSITIVE BUT UNCLASSIFIED~~

No.	Trip ID	Reason Cost Is Questioned	Estimated Cost of Premium-Class Ticket ⁸	Estimated Cost of Coach Ticket ⁹	Estimated Questioned Cost ¹⁰
2	5978583	No doctor's note was provided with the travel authorization, as required. In addition, the justification on the business-class certification form does not (1) explain why the traveler could not have taken a rest stop after traveling a certain number of hours, or (2) state the maximum number of hours the traveler could have flown without traveling business class.	12,666.30	3,417.00	9,249.30
3	5687541-1	In addition to traveling business class, the traveler took a rest stop, which is not allowed.	15,186.95	3,049.00	12,137.95
4	6128085-1	OCRD approved the traveler to fly business class for flights longer than 2 hours. However, one leg/flight was only for 1 hour and 5 minutes.	Unknown	Unknown	Unknown
5	5969238-2	OCRD approved the traveler to fly business class for flights longer than 2 hours. However, one leg/flight was for only 1 hour and 15 minutes.	Unknown	Unknown	Unknown
6	6406982	The business-class certification form and final flight itinerary were not included with the travel authorization. Therefore, it could not be determined whether business class should have been approved or whether the trip exceeded 14 hours.	16,754.00	1,132.00	15,622.00
7	5709101-3	This traveler flew business class under the exception "Travel by an individual with a disability." However, the OCRD letter was not provided. Instead, a doctor's note was included, but it does not state the maximum number hours the traveler could have flown without traveling business class. In addition, the traveler took a rest stop, which is not allowed for business class.	20,518.00	Unknown	Unknown

No.	Trip ID	Reason Cost Is Questioned	Estimated Cost of Premium-Class Ticket ⁸	Estimated Cost of Coach Ticket ⁹	Estimated Questioned Cost ¹⁰
8	6412021	OCRD approved the traveler to fly business class for flights longer than 2 hours. However, one leg/flight was for only 1 hour and 10 minutes.	Unknown	Unknown	Unknown
9	6228535-1	The travel authorization did not include support (such as an OCRD letter, business-class certification form, or written justification) to justify business class travel.	4,195.00	614.00	3,581.00
10	5671134-3	The travel authorization did not include support (such as an OCRD letter, business-class certification form, or written justification) to justify business class travel.	12,071.10	2,862.30	9,208.80

As a result of the trips that did not meet Agency requirements, USAID cannot be sure that taxpayers' dollars are not misused and that good business decisions are made. Because 13 premium-class trips were not classified correctly, USAID's required annual report to GSA was not accurate and GSA did not have the most accurate information to report to taxpayers. And by not including the required language in travel authorizations, USAID was at risk that travelers may claim more than the authorized, reimbursable expenses. Therefore, OIG makes the following recommendations.

Recommendation 1. *We recommend USAID's Chief, Travel and Transportation Division, prepare a written checklist for its travel assistants to confirm that travel authorization packages for premium travel are reviewed under the same standards. The checklist should, at a minimum, include determining whether:*

- *Based on the final itinerary, the flight meets all requirements, as applicable, for the 14-hour rule or as recommend by the Office of Civil Rights and Diversity.*
- *Trips categorized as "Travel in excess of 14 hours TDY" provide an adequate justification for not taking a rest stop in lieu of traveling premium class and confirming that the traveler does not take a rest stop.*
- *The business-class certification form is completed, has the supervisor's signature for approval, and is uploaded into E2.*
- *Trips in the "No space available in coach air accommodations" exception include documentation to show that the airline carrier did not have coach accommodations and that travel at that time was critical.*
- *Trips include documentation to show that business class was necessary for security reasons, when applicable.*

- *Travel authorizations include the required language for business-class travel accommodations.*
- *Premium-class travel is categorized in E2 under the correct exception category.*

Recommendation 2. *We recommend that, after implementing Recommendation 1, USAID's Chief, Travel and Transportation Division, provide training to its travel assistants to use the checklist so travel authorization packages are reviewed using the same standards.*

Recommendation 3. *We recommend that USAID's Chief, Travel and Transportation Division, revise Automated Directives System 522 to include an explicit list of documents that need to be uploaded into E2 with the travel request. At a minimum, that must include:*

- *Completed, approved business-class travel certification forms.*
- *Final flight itineraries when the traveler is requesting premium-class travel because of a disability and the 14-hour rule.*
- *Documentation to show that the airline carrier did not have coach accommodations and that it is critical for them to travel at that time, when applicable.*
- *Office of Civil Rights and Diversity documentation stating that premium travel was needed to reasonably accommodate the traveler, when applicable.*
- *Documentation to show that business class was necessary for security reasons, when applicable.*

Recommendation 4. *We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5737485-1 are allowable, and recover any amount that is not allowable.*

Recommendation 5. *We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5978583 are allowable, and recover any amount that is not allowable.*

Recommendation 6. *We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5687541-1 are allowable, and recover any amount that is not allowable.*

Recommendation 7. *We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6128085-1 are allowable, and recover any amount that is not allowable.*

Recommendation 8. *We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5969238-2 are allowable, and recover any amount that is not allowable.*

Recommendation 9. We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6406982 are allowable, and recover any amount that is not allowable.

Recommendation 10. We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5709101-3 are allowable, and recover any amount that is not allowable.

Recommendation 11. We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6412021 are allowable, and recover any amount that is not allowable.

Recommendation 12. We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6228535-1 are allowable, and recover any amount that is not allowable.

Recommendation 13. We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5671134-3 are allowable, and recover any amount that is not allowable.

USAID/Washington Payment Office Could Not Perform Appropriate Reviews of Travel Card Bills Before Paying Airfare

According to the Federal Managers' Financial Integrity Act of 1982, as codified in 31 U.S.C. 3512, agencies should establish controls to "provide reasonable assurance" that costs comply with applicable laws, funds are "safe guarded against waste, loss, unauthorized use or misappropriation," and expenditures are "properly recorded and accounted."

In addition, GAO's *Standards for Internal Control in the Federal Government*, section 10.10, states:

Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals . . . and supervisory control activities.

Furthermore, expenses should be matched to source documentation to validate each charge before making payments.

USAID's Cash Management and Payments Division (CMP) is responsible for processing approved USAID/Washington requests for payment of temporary duty travel vouchers. However, for a statistical sample of 47 of 245 trips in E2 for premium-class travel worth more than \$830,000, CMP could not properly review airfare costs billed to the Citibank CBA¹¹ before authorizing a payment. The only assurance CMP had was that payments were for trips that were authorized based on obligations made in Phoenix, the core accounting system. If there

¹¹ USAID's Citibank CBA is billed for tickets issued to Agency staff, including those that are refunded.

was enough money in the obligation, then they approved the charges for payment. If there was not, they would ask the responsible offices to provide additional funding. However, before each payment, CMP should have matched expenses to source documents to validate each charge.

CMP could not review airfare billed to the Citibank card before authorizing payment for the following reasons.

- USAID employees did not submit documentation to support all tickets charged to the Agency, including those reissued because of flight changes. This occurred because ADS 522 is not specific enough to ensure employee compliance and requires supporting documentation only in general terms. It says, "Supporting documentation must be maintained for any event or action, including travel, that impacts on or results in financial activity." Although ADS 522 states that additional guidance on supporting documentation is in ADS 633, that chapter does not discuss documentation to support the costs for all issued airfare tickets. Instead, it discusses other pertinent information, such as the dollar threshold for providing receipts and when vouchers must be submitted.

Agency officials said policy generally should allow for interpretation, and they rely on staff to apply their professional judgment. However, the staff may not understand that the Agency needs to account for every issued ticket, including those that are refunded to the Agency.

- As the TMC, Duluth was responsible for arranging flights for Agency employees, which they charged to USAID's Citibank CBA. However, the TMC did not provide reconciled reports of Citibank charges and Duluth charges, as required by the contract. Instead, it provided CMP with a monthly report of Duluth charges. Therefore, CMP employees had to reconcile the Citibank statement with the Duluth report themselves, which took time away from their important tasks of properly validating the accuracy of payments. CMP employees said this has been an undue hardship. Specifically, CMP designated three fulltime employees to review Citibank statements. One worked on the current statement and the other two worked on outstanding items from old statements. But CMP had been working to improve the reconciliation process.

Furthermore, the TMC contract did not include clear language on what USAID expected to receive in its reconciled reports of Citibank and Duluth charges. It also did not include an example of that monthly reconciled report.

- USAID did not have a proper review process (e.g., standard operating procedures) to validate the accuracy of travel payments. However, during audit fieldwork, CMP drafted preliminary procedures to conduct that review.

By not properly reviewing airfare costs billed to the Citibank CBA travel card before authorizing payment, USAID could not be sure it was paying for authorized travel at actual incurred amounts. As a result, considering the nature of the payments, USAID is at risk of fraud, waste, and abuse, and, therefore needs to put proper controls in place to prevent and detect such weaknesses.

In addition, because there was not enough supporting documentation, these weaknesses result in questioned costs for all 245 premium travel trips in E2 from December 1, 2012, through

November 30, 2014, which were worth more than \$3.1 million.¹² However, it is not possible for USAID to review and determine whether these trips were used properly because the necessary supporting documentation was missing. For this reason we are not making a recommendation for possible recovery of questioned costs and instead are addressing the procedural issues identified. To resolve these weaknesses for future travel, OIG makes the following recommendations.

Recommendation 14. *We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, include in the Automated Directives System an explicit list of documents required for travel vouchers so the Agency can fully validate whether charges for airfare are accurate. At a minimum, that list must require supporting documentation for the cost of all issued airfare tickets.*

Recommendation 15. *We recommend that USAID's cognizant contracting officer for contract no. AID-OAA-M-11-00006 work with the contracting officer's representative and the Cash Management and Payments Division staff to develop and include in the contract with Duluth Travel Inc. a clear description of the data that should be presented in the monthly reconciliation report of the centrally billed account.*

Recommendation 16. *We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, develop and implement a written process for reviewing each centralized Citibank travel card airfare expense to supporting documentation for the issued ticket before approving the payment. That process should include requirements for supporting documentation to prevent questioned costs.*

USAID Did Not Have Reasonable Assurance That Agent Fees Were Accurate

According to the Federal Managers' Financial Integrity Act of 1982, agencies should establish controls to "provide reasonable assurance" that costs comply with applicable laws, funds are "safe guarded against waste, loss, unauthorized use or misappropriation," and expenditures are "properly recorded and accounted."

In addition, GAO's *Standards*, section 10.10, states:

Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, . . . and supervisory control activities.

Duluth Travel Inc. charges an agent fee whenever an airline ticket is issued (i.e., a charge is incurred) and for every subsequent change to that trip. Duluth also charges an additional agent fee whenever the traveler calls after business hours or on weekends.

¹² Although OIG's review was limited to premium-class travel, the nature of these weaknesses applies to all airfare approved by CMP.

However, USAID did not always have assurance that Duluth's agent fees were reasonable. For example, the Agency did not always have supporting documentation to validate whether travelers asked for a change or whether they called the TMC after business hours or on weekends. Instead, CMP verified agent fees every month for each traveler by comparing the number of fees to the number of airfare charges. Thirteen of 47 (about 27 percent) statistically selected trips had a greater number of agent fees than the number of airline ticket charges for the given month. In addition, the agent fees for those 13 trips did not match to an airline ticket number. Finally, none of the Duluth agent fees for after-hours and weekend services could be validated.

These problems happened for the following reasons.

- Although USAID reviewed the fees to some degree, that process was not documented and did not provide reasonable assurance that the fees were accurate. USAID officials explained that it is not feasible for them to review each agent fee in detail because of the high volume of transactions. Nonetheless, considering the nature of these transactions, USAID should, at a minimum, develop a written process to review those that exceed a predetermined amount for a given trip. That process also should include following up on all fees that are not tied clearly to a particular trip or traveler.
- USAID staff did not submit documentation to support all agent fees charged to the Agency, including fees resulting from reissued tickets because of flight changes and calls made after business hours and on weekends. This occurred because ADS 522 requires supporting documentation only in general terms, stating that "supporting documentation must be maintained for any event or action, including travel, that impacts on or results in financial activity." Although ADS 522 states that additional guidance on supporting documentation is in ADS 633, that chapter does not discuss documentation to support the costs for agent fees. Specifically, USAID's travel policies do not explicitly require travelers to document and report all issued airfare tickets, which result in an agent fee. Instead, ADS 633 only discusses other information, such as the dollar threshold for providing receipts and when vouchers must be submitted. To validate agent fees properly, USAID should compare the TMC's agent fee charges against the traveler's requests that resulted in the agent fees. That would provide proper assurance that agent fees are accurate.

In addition, USAID's travel policies did not limit the number of ticket changes and after-hours and weekend services that a traveler can make without a supervisor's approval. USAID's policy could, for example, allow a traveler to make only three changes to issued tickets without the supervisor's approval. If a fourth change was needed, the supervisor would have to approve it before a ticket could be reissued. Agency officials have acknowledged this weakness and provided an example in which a traveler's ticket was \$117. However, because the traveler had asked for so many changes, the agent fees were unreasonable as they totaled to \$134—which exceeded the cost of the ticket.

- Travelers were not always aware that each change they asked for would incur an agent fee charged to the government and that they should report this to the Agency. Therefore, USAID needs to train travelers on their responsibilities when asking for TMC services and on the applicable Agency policies.

Although each individual agent fee is relatively small, those fees can add up. In the 47 trips in our statistical sample, TMC charged 219 agent fees worth more than \$5,700. Without determining whether agent fees are reasonable, USAID is at risk that the Agency may not

detect fraud in TMC's charges and waste or abuse in travelers' use of TMC services. In addition, because there was not enough supporting documentation, these weaknesses result in questioned costs.

However, it is not possible for USAID to review and determine whether these fees were incurred properly because of the missing documentation. For this reason, we are not making a recommendation for possible recovery of questioned costs and instead are addressing the procedural issues identified. To resolve these weaknesses for future travel, OIG makes the following recommendations.

Recommendation 17. *We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, implement a written process for reviewing agent fees before approving payment in accordance with the Federal Managers' Financial Integrity Act of 1982. This process could include a monetary threshold for reviewing details of the agent fees, as necessary.*

Recommendation 18. *We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, include an explicit requirement in the Automated Directives System for travelers to document and report all requests for the travel management center to issue airfare tickets. The requirement must include:*

- *Justification of all issued tickets requested.*
- *A limit to the number of times a traveler can do the following without a supervisor's approval: (1) make changes to issued tickets that result in agent fees, and (2) use after-hour and weekend travel management center services.*
- *Consequences for not following the Agency's agent fee requirements.*

Recommendation 19. *We recommend that USAID's Chief, Travel and Transportation Division, in coordination with the Chief Financial Officer, provide training to all USAID staff regarding traveler actions that result in agent fees to the Agency, traveler's responsibilities, and all applicable related policies.*

~~(SBU)~~ USAID Did Not Mark Its Business-Class Certification Form as Sensitive and Travelers Did Not Always Use Current Form

According to ADS 505.6, "Definitions," the Bureau for Management, Office of Management Services, Information and Records Division, is responsible for approving USAID's forms. In addition, ADS 505.3.2.5, "Posting," requires that once forms are approved, they should be posted to USAID's internal and external Web sites with a link to the corresponding ADS chapter.

Finally, according to ADS 522, a "Premium Class Travel (Business Class) Certification form is required to justify the use of business class air accommodations."

~~(SBU)~~ However, as discussed in the following sections, (1) the business certification form did not have a sensitive but unclassified marking even though it collected sensitive information; and (2) the current business certification form was not always used.

~~(SBU)~~ **Business Certification Form With Sensitive Information Was Not Marked as SBU.** Section 505.2, "Primary Responsibilities," states:

The originator of each official USAID form is responsible for ensuring that forms that will contain [SBU] data when filled in are properly marked as such and contain the following statement at the top and bottom of each page: This form is considered [SBU] when filled in. Anyone completing a USAID form is responsible for checking to see if the form is marked with the SBU statement above.

~~(SBU)~~ However, TTD did not mark the business-class certification form as SBU once filled in, yet sensitive information was sometimes collected. For example:

- ~~(SBU)~~ One traveler listed a spinal condition that prohibited the traveler from flying for an extended period in coach class.
- ~~(SBU)~~ One traveler listed a congenital hip condition that necessitated reasonable accommodations.
- ~~(SBU)~~ One traveler said they were traveling to Afghanistan and Pakistan with the date that they would be departing and returning to the United States. Another traveler said they were traveling to Pakistan with the date they would be departing the United States and the date and time they would arrive in Pakistan. However, the Department of State has continued to issue warnings about travel to both countries because of possible terrorist attacks. Therefore, by not protecting sensitive travel information, USAID put its travelers at risk of possible terrorist attacks.

Current Business Certification Form Was Not Always Used. ADS 505.3.4, "Electronic Generation of Standard and Optional Forms," states, "electronically generated . . . forms must be an exact reproduction of the currently approved edition of the form."

TTD's business-class certification form was in portable data format (known as PDF), but it was not fillable. Therefore, travelers had to recreate the form so they could complete it. Even though the changes identified were relatively minor (e.g., removal of unneeded approval lines), 7 of 46¹³ (15 percent) statistically selected travelers who used the form in ADS 522 altered it.

In addition, one traveler used an old form that was posted on the Agency's Intranet. That form did not collect information in TTD's updated form, such as destination, dates of travel, a cost comparison of business class to coach ticket, and whether the traveler considered a rest stop in lieu of premium-class travel.

These problems occurred because TTD did not get the Information and Records Division's approval for the form and have it posted to the Intranet with Agency-approved forms as required by USAID's forms management program.

¹³ Forty-six of the 47 trips in our sample used the current business certification form, and 1 used an old form.

TTD officials said they do not know what happened with the current form that is in ADS. However, they said they have prepared another one, which is fillable. They further explained that the Information and Records Division has approved the new form, but it will not be released until ADS 522 has completed the update process.

~~(SBU)~~ By not marking the business-class certification forms as SBU once filled in, the forms may not be handled properly and travelers' sensitive information may be compromised. In addition, because travelers may alter the form and use different versions, all required information, such as the true cost of business-class travel and the reason why the traveler did not take a rest stop, may not be collected. Therefore, we are making the following recommendation.

~~(SBU)~~ **Recommendation 20.** *We recommend that USAID's Chief, Travel and Transportation Division, obtain approval from the Information Records Division for the revised business-class certification form. At a minimum that form must be:*

- *Marked as "sensitive but unclassified once filled in," in accordance with ADS 505.*
- *A fillable form to allow travelers to complete the required information.*

USAID Did Not Update Policy and Procedures for Approving Requests for Reasonable Accommodations

According to USAID's ADS 501.3.5, "Maintaining ADS Material":

[Points of contact] responsible for ADS material must regularly review their ADS chapters and references and modify the material where required to ensure that it is current and consistent with laws and regulations, and management practices.

In addition, Section 501.3.2, "Creating and Revising ADS Material," states that the "goal is for employees to find what they need on the subject, understand what they find, and use what they find to meet their needs."

However, USAID did not update its ADS chapters governing requests for premium-class travel for staff requiring reasonable accommodations as required by ADS 501. ADS 522, "Performance of Temporary Duty Travel in the U.S. and Abroad" (October 15, 2014), states:

Requests for premium class air travel based on a disability are treated as requests for reasonable accommodation pursuant to **ADS 110, Equal Employment Opportunity** and processed accordingly. Such [travel authorizations] must be accompanied by a letter from the Disability Review Committee in the Office of Civil Rights and Diversity (OCRD) as described in **ADS 110**.

However, ADS 110 does not reflect USAID's current approval process for determining reasonable accommodations¹⁴ for staff with disabilities. That chapter states that the Agency's

¹⁴ According to USAID's ADS 110.3.6.2, reasonable accommodations is defined as "any change in the work environment, or in the way things are customarily done that enables a qualified applicant or employee with a disability to perform the essential functions of a job."

Disability Review Committee determines whether to approve requests for reasonable accommodations, but OCRD officials have not used that committee since April 2012. Instead, they have been making the determinations themselves. They said the committee erroneously approved several requests, and many did not meet legal requirements, particularly the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

In addition, ADS 110 does not provide clear policies to ensure that OCRD letters meet the needs of the users. Specifically, it does not explain that approvals should state (1) whether the approval is permanent or temporary, and (2) if it is temporary, when the approval will expire.

OCRD officials said they started drafting an update of ADS 110, but the person working on it left in May 2014. Therefore, they put that effort on hold because of a lack of resources. Subsequently, in November 2014, OCRD filled that vacancy. The officials said they are in the process of updating and streamlining the process that ADS 110 will cover for approving reasonable accommodation requests.

By not updating ADS 110, USAID might not follow OCRD's unwritten policies and procedures, especially in the event of staff turnover. Moreover, the Agency might not meet legal and regulatory requirements for providing equal employment opportunities, and thus could receive complaints or lawsuits. In addition, OCRD might continue to receive questions from employees about the current approval process.

Finally, by not including in ADS 110 that approvals should state whether or not the approval is permanent and, if it is temporary, when those approvals will expire, reviewers of those requests might not know whether the approval is in effect. For example, of the 19 reasonable accommodation letters in our sample, only 1 had an expiration date and 18 did not say that they were permanent or when they expire.

OCRD officials said they plan to take a "holistic approach" to updating ADS 110, since many things need to be changed. Nonetheless, OIG makes the following recommendations.

Recommendation 21. We recommend that USAID's Chief, Office of Civil Rights and Diversity, update Automated Directives System 110, Equal Employment Opportunity, to reflect the current Agency policies and procedures. At a minimum, that must include:

- *Current policies and procedures for approving requests for reasonable accommodations.*
- *An explanation of when approvals for reasonable accommodations expire for disabilities that are not permanent.*

Recommendation 22. We recommend that after final corrective action is taken on Recommendation 21, USAID's Chief, Travel and Transportation Division, update Automated Directives System 522 to reflect the current policies and procedures for approving requests for premium-class travel based on disabilities.

OTHER MATTERS

~~(SBU)~~ USAID Did Not Authorize E2 System for Agency Operations

~~(SBU)~~ National Institute of Standards and Technology (NIST) Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, Revision 4 (April 2013), is applicable to federal information systems (except for national security systems), including those “operated by an executive agency, by a contractor of an executive agency, or by another organization on behalf of an executive agency.” Security control CA-2, “Security Assessments” requires the Agency to:

- b. Assess the security controls in the information system and its environment of operation . . . to determine the extent to which the controls are implemented correctly, operating as intended, and producing the desired outcome with respect to meeting established security requirements.
- c. Produce a security assessment report that documents the results of the assessment.

~~(SBU)~~ In addition, security control CA-6, “Security Authorization,” requires agencies to ensure “that the authorizing official authorizes the information system for processing before commencing operations.”

~~(SBU)~~ E2 is a contractor system managed under GSA’s information technology security program for the federal government. USAID uses E2 to manage its travel activities, including travel authorizations and vouchers. But the Office of the Chief Information Officer did not authorize E2 for USAID operations, as required. In addition, that office did not review GSA’s security package for the system.

~~(SBU)~~ This problem occurred for two reasons. First, officials in that office did not have a clear understanding of the NIST requirements for third-party systems (i.e., E2). They said they relied on GSA’s authorization instead. They also said they sent a memorandum to GSA to verify the system’s compliance with the Federal Information Security Management Act of 2002. However, USAID did not have a response from GSA. Moreover, GSA officials said USAID officials did not review the E2 security package.

~~(SBU)~~ Secondly, ADS 545.3.3.12, “Security Assessment and Authorization,” which discusses the requirements for authorizing a system for Agency operations, does not clearly apply to third-party systems. Although Agency officials said it applies to all systems, it lists the requirements only for those that are acquired or developed by USAID. It does not describe what information the system owner must obtain about third-party systems so the Office of the Chief Information Officer can make an informed decision whether to accept risks of using that system and thereby authorize it for Agency operations.

~~(SBU)~~ By not formally authorizing E2 for operations and reviewing GSA’s security package for the system before using it for Agency operations, USAID may not be aware of the vulnerabilities associated with the system or the necessary mitigating controls needed to reduce risks to the

Agency's data. USAID has no assurance that the system's security weaknesses are mitigated and that risks are at an acceptable level. Moreover, E2 has employees' sensitive personally identifiable information that could be at risk, such as doctor's notes that have detailed information about their health (e.g., cancer treatment, incontinence, osteoarthritis, and chronic lower back pain). Therefore, OIG makes the following recommendations.

~~(SBU)~~ **Recommendation 23.** *We recommend that USAID's Chief Information Officer conduct a written review of the U.S. General Services Administration's security package for the E2 system.*

~~(SBU)~~ **Recommendation 24.** *We recommend that, based on the results of the review in response to Recommendation 23, USAID's Chief Information Officer make a written determination whether the E2 system should be authorized for Agency operations.*

~~(SBU)~~ **Recommendation 25.** *We recommend that USAID's Chief Information Officer update Automated Directives System 545, Information Systems Security, to clearly discuss the requirements for authorizing third-party systems for Agency operations.*

~~(SBU)~~ USAID Did Not Cancel Unneeded System Administrators' Access to E2 System

~~(SBU)~~ According to NIST 800-53 (Revision 4), Section AC-2, "Account Management," an organization should notify account managers when "accounts are no longer required" and "users are terminated or transferred."

~~(SBU)~~ However, USAID did not deactivate 2 of 26 administrator accounts in E2 for employees who no longer worked for the Agency.

~~(SBU)~~ This occurred because USAID's control to review accounts periodically was designed poorly. *Standard Operating Procedures for USAID E2 HelpDesk*, "E2 User Account Auditing Guidelines," states that "on a quarterly basis, the E2 system administrator will . . . verify the last login date and will disable inactive accounts over 90 days old." However, that was not done. Responsible officials said disabling accounts after a set length of time could cause problems if someone is on a long trip and needs to change their travel plans. In addition, they added, office and bureau heads may never log into the system, yet their access needs to remain active so their travel arrangers can schedule trips for them.

~~(SBU)~~ Nonetheless, Agency officials acknowledged that a periodic review could be implemented. For example, they could have employees certify whether the accounts should remain active.

~~(SBU)~~ E2 is a Web-based application that is publicly accessible and is not on USAID's Intranet. Therefore, people with unauthorized access can access the information easily or make unauthorized changes. Because E2 contains sensitive personally identifiable information, such as health and travel information, that information is at risk of fraudulent activity or inappropriate use. Therefore, OIG makes the following recommendation.

~~(SBU)~~ **Recommendation 26.** *We recommend that USAID’s Chief, Travel and Transportation Division, develop procedures and revise Standard Operating Procedures for USAID E2 HelpDesk to certify periodically—within an Agency-defined time frame—whether E2 accounts should remain active and disable unneeded accounts.*

USAID Did Not Define in Its New Travel Management Contract Requirements for Monthly Reconciliation Reports of Centrally Billed Accounts

According to the Federal Managers’ Financial Integrity Act of 1982, “Internal accounting and administrative controls of each executive agency . . . provide reasonable assurance” that costs comply with applicable laws; “funds . . . are safeguarded against waste, loss, unauthorized use, or misappropriation;” and “expenditures . . . are properly recorded and accounted.” In addition, the Federal Acquisition Regulation, Part 11, “Describing Agency Needs,” requires acquisition officials to state requirements for services “in terms of functions to be performed, performance required, or essential physical characteristics.”

Section C.16, “Required Reports,” of USAID’s contract with C.I. Travel Center, which became effective on October 16, 2015, required a monthly CBA reconciliation report. However, the contract did not include language that discusses what information should be in the report so that Agency needs can be met. Specifically, the contract did not require the contractor to provide an automated reconciliation of transportation billings charged through USAID’s CBA accounts. In addition, the contract did not discuss or refer to a reconciliation of the reservation, ticketing, and accounting elements so all passenger reports and summary data are generated automatically when a ticket is purchased.

USAID contracting officials said the contracting officer’s representative is responsible for coordinating with CMP to make sure the contract addresses its requirements. However, officials in CMP said they were not included in discussions about the language in the new contract. TTD officials said the language was taken from the previous contracts and was not updated.

Moreover, without a clear description of what the monthly CBA reconciliation report should include, the contractor could provide reports that do not meet the needs of USAID’s staff. It is critical that CMP staff receive monthly reports that fully reconcile C.I. Travel Center transaction data with the monthly statement of charges from the CBA so they can review each charge before authorizing payments. If they do not, then they must reconcile the CBA charges manually—a time-consuming, labor-intensive task because of several constraints. For example, charges on the CBA statement may not match with a travel authorization and traveler name. In addition, many tickets and charges are made and cancelled for the same trip, but refunds for canceled tickets may take weeks or months to be reflected in the CBA statement.

Because of these constraints, it is difficult to determine whether the transactions are valid. Thus, the staff could have a considerably higher workload when reviewing travel charges and authorizing payments for the CBA travel accounts. For example, because Duluth did not provide reconciled reports, CMP dedicated one employee to complete reconciliations for the current

month and two employees to review unreconciled items from past months. Therefore, detailed information is necessary so the contractor clearly understands what specific data should be reconciled and submitted each month.

According to E2, from December 1, 2012, through November 30, 2014, USAID spent more than \$79 million on airfare. Without a proper reconciliation report, USAID staff might not be able to detect possible errors, fraud, or abuse on charges to the CBA travel account. Therefore, USAID is at risk of making unauthorized, unallowable payments.

OIG described this weakness to Agency officials in a June 2015 management letter.¹⁵ In response, USAID modified the contract with C.I. Travel Center to clarify the language regarding reconciliation. Therefore, OIG is not making a recommendation at this time.

USAID Did Not Include Penalties for Not Complying With Reporting Requirements in New Contract

At the time of the audit, USAID's TMC service provider was Duluth Travel Inc. However, USAID awarded a new TMC service contract to C.I. Travel Center, which became effective on October 16, 2015.

According to Federal Acquisition Regulation, Section 52.232-1, "Payments," which was incorporated into USAID's planned contract by reference:

The Government shall pay the Contractor, upon the submission of proper invoices or vouchers, the prices stipulated in this contract for supplies delivered and accepted or services rendered and accepted, **less any deductions provided in this contract.** [Emphasis added.]

To implement the above, the contract needs to stipulate what deductions will be made if the contractor does not meet contract requirements.

According to the contract, C.I. Travel is required to deliver a quality assurance plan. Its purpose is to monitor, identify, and correct deficiencies in the quality of services provided to the government. Furthermore, Section C.16, "Required Reports," of the contract lists 16 management information reports the contractor must provide.

However, the contract did not stipulate what deductions would be made if the contractor does not provide those reports. In addition, although the contract requires the contractor to prepare a quality control plan, which is used for monitoring contract performance, the contract did not include the required reports as part of that plan.

¹⁵ "Management Letter Requiring Quick Response to Address Weaknesses in USAID's Contract No. AID-OAA-M-15-00001 With C.I. Travel Center," June 29, 2015.

Contracting officials said this problem occurred because USAID normally does not include penalties in its contracts. Instead, it relies on existing mechanisms, such as cure notices,¹⁶ if any action needs to be taken. Regarding monitoring, it is not clear why USAID did not include the required reports in the quality control plan.

As a result, if penalties are not addressed in the C.I. Travel contract or if contracting officials do not monitor it for compliance, then USAID may not receive the reports required by the contract. Moreover, USAID may not be able to validate charges before authorizing payments, as discussed in the previous finding.

USAID's contract with Duluth also had these same problems. Although it is unclear why, Agency officials said they did not take action against Duluth for not complying with the requirement to provide a monthly CBA reconciliation report and did not deduct from the payments.

As a result, Duluth continued not to comply with that requirement. If penalties are not addressed in the new contract or if contracting officials do not monitor it for compliance, then USAID may continue to have similar problems with C.I. Travel.

In a management letter,¹⁷ OIG described this weakness to Agency officials and strongly suggested that they include in the contract either (1) penalties or disincentives if the contractor does not provide the management information reports or (2) monitor whether they get the reports as part of the quality control plan. In response, USAID agreed to include "timely submission of the required reports" in the quality control plan by June 30, 2015, and updated the plan that included management information reports. Therefore, OIG is not making a recommendation at this time.

Language Regarding Refunds of Centrally Billed Account Purchases Was Not Clear in New Contract

GAO's *Standards* states, "Management may contract with service organizations to perform roles in the organizational structure" and should communicate the assigned responsibilities.

Further, according to USAID's training material for its contracting officers' representatives, "selecting appropriate phrases and words is very important" when writing statements of work. Therefore, they should be exact and precisely written.

However, USAID's contract with C.I. Travel did not make a clear distinction between the travel refunds that should be made to a CBA travel card, such as airfare, and refunds that should be made to the employee's travel card, such as lodging costs. Section C.12.2, "For CBA Purchases," states:

¹⁶ A cure notice alerts a contractor that it is not meeting requirements and has at least 10 days to remedy the situation before receiving a termination notice.

¹⁷ "Management Letter Requiring Quick Response to Address Weaknesses in USAID's Contract No. AID-OAA-M-15-00001 With C.I. Travel Center, June 29, 2015.

Refunds for unused, downgraded or exchanged tickets shall be made by the Contractor immediately in the form of a credit refund receipt returned to the agency, with the credit applied to the agency's CBA. **No cash refunds shall be made to the traveler for CBA purchases.** [emphasis added].

However, the next paragraph in that same section is confusing because it seems to allow refunds to go to employees' travel card accounts rather than to the Agency.

Employees who have been Issued Government Travel Charge Cards shall apply directly to the Contractor for refunds for unused transportation . . . **Refunds shall be given immediately, in the form of a credit refund receipt returned to the employee, with the credit applied to the Individual employee's travel card account.** [emphasis added]

The contracting staff should remove the second paragraph from this specific section and add it to another one.

According to TTD officials, although they were not involved in developing that language, the contract used what was in the previous contract. However, as a result, C.I. Travel may not understand the terms and therefore could run an increased risk of making errors or not complying with requirements. Moreover, refunds may be given erroneously to the traveler and not returned to the Agency.

OIG described this weakness to Agency officials in a June 2015 management letter¹⁸ and suggested they move the second paragraph from the C.12.2 section to an appropriate section under another heading. In response, they added that paragraph to another section, but did not remove it from C.12.2. Thus, USAID's corrective actions did not fully address this weakness. Therefore, OIG makes the following recommendation.

***Recommendation 27.** We recommend that USAID's cognizant contracting officer remove the second paragraph from the C.12.2 section of contract no. AID-OAA-M-15-00001 with C. I. Travel Center.*

Language Regarding Rest Stops Was Not Clear in New Contract

According to USAID's training material for its contracting officers' representatives, "selecting appropriate phrases and words is very important" when writing statements of work. Therefore, they should be exact and precisely written.

In addition, ADS 522.3.9, "Rest Stops," states:

Official [temporary duty] travel may be interrupted for a rest period of up to 24 hours if all of the criteria below are met:

¹⁸ "Management Letter Requiring Quick Response to Address Weaknesses in USAID's Contract No. AID-OAA-M-15-00001 With C.I. Travel Center, June 29, 2015.

1. The origin or destination point of travel is outside of the continental United States;
2. The scheduled flight time, including stopovers, exceeds 14 hours;
3. Travel is by a direct or usually traveled route; and
4. Travel is by coach-class service.

Finally, ADS 522.3.11, "Premium Class Air Travel," states that "premium class may not be authorized for . . . travel for the following purposes:

- Assignment travel,
- Home leave travel,
- Rest and recuperation (R&R) travel,
- Separate maintenance allowance travel,
- Education travel and educational allowance travel,
- Visitation travel,
- Emergency visitation travel (EVT), or
- Travel of children of separated parents.

However, Section C.2.2, "City Pairs Program," of the contract has confusing language regarding rest stops. The last paragraph states:

Rest stops shall be provided for a period of up to 24 hours for scheduled flights in excess of 14 hours on a usually traveled route, including scheduled stopovers when traveling by less than premium-class accommodations. The point of interruption should normally be mid-way in the journey or as near to it as the schedule permits. Rest stops are not authorized when indirect travel is performed or when premium class accommodations are authorized, except when certified by appropriate agency approval authority.

As the paragraph shows, the policy for rest stops has exceptions, but it did not explicitly refer the contractor to ADS 522.3.9 and 522.3.11.1.

This problem occurred because, according to TTD officials, the language was taken from the previous contract and was not updated. However, as a result, the contractor may not understand the terms and there could be an increased risk of error or noncompliance with the contract.

In the June 2015 management letter,¹⁹ OIG explained this weakness to Agency officials, and they subsequently modified the contract to add the following to the end of Section 2.2.2:

¹⁹ "Management Letter Requiring Quick Response to Address Weaknesses in USAID's Contract No. AID-OAA-M-15-00001 With C.I. Travel Center," June 29, 2015.

Additionally, the exceptions in ADS 522.3.9 "Rest Stops" and ADS 522.3.11.1 "Exceptions for Premium Class Air Travel" apply. Both can be found at the following link: <http://auslnxapvwebOI.usaid.gov/ADS/500/522.pdf>.

Therefore, OIG is not making a recommendation at this time.

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID agreed to take action on 24 of the 27 recommendations. OIG acknowledges USAID's management decisions on Recommendations 1 through 13, 15 through 17, and 20 through 27. However, we disagree with the decision to not take action on Recommendation 22 and note that USAID did not provide management decisions on Recommendations 14, 18, and 19. In addition, USAID has taken final action on Recommendations 15 and 27. An evaluation of USAID's response to each recommendation follows.

Recommendation 1. USAID's Chief, Travel and Transportation Division, agreed to prepare a written checklist for its travel assistants to confirm that travel authorization packages for premium travel are reviewed under the same standards. They plan to complete this action by March 1, 2016. Therefore, based on their comments and additional communications from Agency management, OIG acknowledges that USAID made a management decision on Recommendation 1.

Recommendation 2. USAID's Chief, Travel and Transportation Division, agreed to provide training to its travel assistants to use the checklist in Recommendation 1 so that travel authorization packages are reviewed using the same standards. They plan to complete this action by March 1, 2016. Therefore, based on their comments and additional communications from Agency management, OIG acknowledges that USAID made a management decision on Recommendation 2.

Recommendation 3. USAID's Chief, Travel and Transportation Division, agreed to revise ADS 522 to include an explicit list of documents that need to be uploaded into E2 with the travel request. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 3.

Recommendation 4. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5737485-1 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 4.

Recommendation 5. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5978583 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 5.

Recommendation 6. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5687541-1 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 6.

Recommendation 7. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 6128085-1 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 7.

Recommendation 8. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5969238-2 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 8.

Recommendation 9. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 6406982 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 9.

Recommendation 10. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5709101-3 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 10.

Recommendation 11. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 6412021 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 11.

Recommendation 12. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 6228535-1 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 12.

Recommendation 13. USAID's Chief, Travel and Transportation Division, agreed to make a written determination whether the premium-class travel costs for trip number 5671134-3 are allowable, and recover any amount that is not allowable. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 13.

Recommendation 14. USAID's Chief Financial Officer and the Chief, Travel and Transportation Division, are reviewing this recommendation and will determine their management decision by February 28. Therefore, OIG awaits USAID's management decision on Recommendation 14.

Recommendation 15. USAID's cognizant contracting officer for contract no. AID-OAA-M-11-00006 agreed to work with the contracting officer's representative and the Cash Management and Payments Division staff to develop and include in the contract with Duluth Travel a clear description of the data that should be presented in the monthly reconciliation report of the CBA. However, because the Duluth Travel contract ended, they made the recommended changes to

the new contract with C.I. Travel on July 24, 2015. Accordingly, USAID has taken final action on this recommendation. Therefore, OIG acknowledges USAID's management decision and final action for Recommendation 15.

Recommendation 16. USAID's Chief Financial Officer and the Chief, Travel and Transportation Division, agreed to develop and implement a written process for reviewing each centralized Citibank travel card airfare expense to supporting documentation for the issued ticket before approving the payment. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 16.

Recommendation 17. USAID's Chief Financial Officer and the Chief, Travel and Transportation Division, agreed to implement a written process for reviewing agent fees before approving payment in accordance with the Federal Managers' Financial Integrity Act of 1982.

The management decision said final action was already taken on this recommendation. However after we followed up with Agency staff, they said the process was still in draft form, and they plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 17.

Recommendation 18. USAID's Chief Financial Officer and the Chief, Travel and Transportation Division, are reviewing this recommendation to determine what process and documentation could be used to address this finding. Once determined, management will decide what steps it will take. Therefore, OIG awaits USAID's management decision on Recommendation 18.

Recommendation 19. USAID's Chief Financial Officer and the Chief, Travel and Transportation Division, are reviewing this recommendation and will determine their management decision by February 28. Therefore, OIG awaits USAID's management decision on Recommendation 19.

~~(SBU)~~ **Recommendation 20.** USAID's Chief, Travel and Transportation Division, agreed to obtain approval from the Information Records Division for the revised business class certification form, mark the form as sensitive but unclassified once filled in, and make a fillable form to allow travelers to complete the required information. They plan to complete this action by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 20.

Recommendation 21. USAID's Chief, Office of Civil Rights and Diversity, agreed to update ADS 110 to reflect the current Agency policies and procedures by March 31, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 21.

Recommendation 22. USAID's Chief, Travel and Transportation Division, said policies and procedures are already in ADS 522 to approve requests for premium-class travel based on disability. Therefore, they asked us to close this recommendation.

But ADS 522 needs to reflect changes to ADS 110, addressed in Recommendation 21. Therefore, final action for Recommendation 21 must be completed before action on Recommendation 22 can be taken. Thus, OIG disagrees with USAID's management decision on Recommendation 22 and encourages management to consider revising it.

~~(SBU)~~ **Recommendation 23.** USAID's Chief Information Officer agreed to conduct a written review of GSA's security package for E2 by June 30, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 23.

~~(SBU)~~ **Recommendation 24.** USAID's Chief Information Officer agreed to make a written determination whether E2 should be authorized for Agency operations based on the results of the review in response to Recommendation 23. He plans to complete this action by July 31, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 24.

~~(SBU)~~ **Recommendation 25.** USAID's Chief Information Officer agreed to update ADS 545 to clearly discuss the requirements for authorizing third-party systems for Agency operations. He plans to complete this action by November 30, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 25.

~~(SBU)~~ **Recommendation 26.** USAID's Chief, Travel and Transportation Division, agreed to develop procedures and revise standard operating procedures for USAID E2 Helpdesk to certify periodically within an Agency-defined time frame whether E2 accounts should remain active and disable unneeded accounts. This action will be completed by March 1, 2016. Therefore, OIG acknowledges that USAID made a management decision on Recommendation 26.

Recommendation 27. USAID's cognizant contracting officer of contract no. AID-OAA-M-15-00001 with C.I. Travel Center agreed to remove the second paragraph from Section C.12.2 and did so on December 1, 2015. Therefore, OIG acknowledges USAID's management decision and final action for Recommendation 27.

SCOPE AND METHODOLOGY

Scope

OIG's Information Technology Audits Division performed this audit to determine whether USAID implemented controls to prevent improper use of premium-class travel in accordance with Agency policy. We conducted this performance audit in accordance with generally accepted government auditing standards. They require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides that reasonable basis.

Audit fieldwork was conducted between February 5 and August 27, 2015, at USAID locations in Washington, D.C. The scope of the fieldwork was for the period of December 1, 2012, to November 30, 2014. We contacted officials from the Office of the Chief Financial Officer's Financial Policy and Support and Cash Management and Payments Divisions, Office of the Chief Information Officer, OCRD, Office of Acquisition and Assistance, and TTD. We also reviewed documents including: (1) federal and internal USAID travel policies; (2) a statistical sample of travel authorizations and all related supporting documentation, including business-class certification forms, justifications, travel authorizations, final flight itineraries, and OCRD reasonable accommodation letters; and (3) a statistical sample of travel vouchers including related Citibank CBA travel card monthly statements, Duluth monthly reports, and payment form 1034.

From December 1, 2012, to November 30, 2014, USAID/Washington had 245 premium travel trips in E2 worth \$3.1 million. We selected 47 of 245 premium-class trips taken by USAID employees that originated from Washington, D.C., worth more than \$831,600. We also considered audit findings from a previous audit report²⁰ and management letter,²¹ as well as a GAO audit report.²²

Methodology

To answer the audit objective, we reviewed the following laws, regulations, and policies related to the audit objective.

- Office of Management and Budget (OMB) M-08-07, *Use of Premium Class Travel* (January 8, 2008).
- Federal Travel Regulation Chapter 301, *Temporary Duty (TDY) Travel Allowance*
 - General Rules
 - Subchapter B, "Allowable Travel Expense"
 - Subchapter D, "Agency Responsibilities"

²⁰ *Audit of USAID'S Level of Assurance Provided by Electronic Signatures in the E2 Solutions Travel System* (No. A-000-09-001-P. January 30, 2009).

²¹ "Management Letter Requiring Quick Response to Address Weaknesses in USAID's Contract No. AID OAA M 15 00001 With C.I. Travel Center," June 29, 2015.

²² *Premium Class Travel: Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel* (GAO-07-1268, September 2007).

- ADS 110, “Equal Employment Opportunity” (August 23, 2012).
- ADS 522, “Performance of Temporary Duty Travel in the US and Abroad” (October 15, 2014).
- ADS 633, “Financial Management Aspect of Temporary Duty (TDY) Travel” (April 2, 2013).
- USAID’s Policy-Reminder, “Standard Remarks For E2 Travel Authorizations and Travel Vouchers” (September 5, 2012).
- 14 FAM 580, “Performing Travel” (September 16, 2014).
- GSA’s *Premium Class Travel Report Guidelines* (October 22, 2014).
- Federal Managers’ Financial Integrity Act of 1982.
- GAO’s *Standards for Internal Control in the Federal Government* (September 2014).

For this audit, we used stratified statistical sampling to test the controls over travel authorizations and vouchers. We selected 47 of 245 USAID employees in E2 who took trips originating from Washington, D.C., using premium-class accommodations. The assumptions of the sample were a confidence level of 90 percent with an error rate of less than 5 percent, and a precision rate of 4 percent. We used statistical sampling because we wanted to determine whether the controls were effective and to project the results to the population.

The nature of this audit was to assess controls over premium-class travel. Therefore, as discussed below, we performed tests related to the following internal controls in support of our audit objective: policies and procedures, travel authorizations, and travel vouchers.

We reviewed USAID’s premium-class travel policies to determine whether these policies included OMB M-08-07’s requirements. In addition, we reviewed USAID’s premium-class travel reporting policies to determine whether they complied with GSA’s premium-class travel report guidelines.

We obtained the travel authorization and vouchers, and all related supporting documentation from E2. We did not contact individual travelers for this audit.

For the review of travel authorizations, we determined whether each selected traveler’s authorization met the following requirements:

- Travel authorizations to determine whether they had the required language for business-class travel accommodations, as specified in USAID’s Policy-Reminder, “Standard Remarks For E2 Travel Authorizations and Travel Vouchers” (September 5, 2012).
- Business-class certification forms to determine whether they were completed and had approvals.
- Final flight itineraries, when appropriate, to determine whether they met required lengths to take premium-class travel and to confirm that the traveler did not take a rest stop.

- Justifications for premium-class travel to determine whether they met requirements in ADS 522.
- E2 to determine whether all of the required documents were uploaded into the system for the selected trips.

For the review of travel vouchers, we first determined whether each traveler's airfare costs in the travel voucher matched the Citibank CBA travel card's monthly statement and the Duluth monthly report. We then validated the airfare charges by matching the charged amount to the receipt from the issued ticket showing cost information. Whenever there were multiple airfare charges for the same itinerary and credits reflected for the Citibank CBA travel card, we matched the airfare to the credit. Then we attempted to validate the airfare charge by the same validation process as previously described. In addition, we reviewed the occurrence of the related airfare agent fees by matching the agent fee ticket number, airline name code, and date of transaction to the airfare charges for a given traveler and month. To validate the accuracy of the fees, we attempted to review the traveler's supporting documentation of their request for TMC to issue the ticket.

In addition, we reviewed the requirements of the TMC contracts for Duluth and CI Travel Center to determine whether they were complete and clear.

~~(SBU)~~ We also assessed internal controls over USAID's E2 system to determine the reliability of the data in it. We reviewed GSA's security documents for the system to identify the security measures agencies should take when using E2 and to help determine to what extent its data could be relied upon. We also assessed USAID's controls over E2 system administrators to assess the reasonableness of the number of administrators and to determine whether any who have left still have access.

To answer the audit objective, we relied extensively on the computer-processed data in E2 maintained by GSA. We assessed the reliability of the data together with relevant general and application controls of information technology systems, and found them adequate. We also conducted sufficient tests of the data. These tests and assessments led us to conclude that the data are sufficiently reliable to be used in answering the audit objective. However, because we could not determine whether the data were complete, our results can be projected only to the data within the system, not to all travel. In addition, we omitted some information from this report because it is included as part of other ongoing OIG reviews.

We did not establish a materiality threshold for this audit. Instead, all significant errors were reported because we tested a statistical sample that can be projected to the audit universe.

MANAGEMENT COMMENTS



MEMORANDUM

TO: IG/A/AIG, Alvin Brown

FROM: AA/M, Angelique M. Crumbly

SUBJECT: Management Comments on the Audit of USAID’s Controls Over the Use of Premium-Class Travel (Report No. A-000-16-XXX-P)

This memorandum conveys USAID’s management response to the above referenced Office of Inspector General (OIG) audit of USAID’s controls over the use of premium-class travel dated November 5, 2015. USAID would like to thank the OIG for its work on this review.

USAID’s specific comments and responses to the audit recommendations are provided below.

Recommendation 1: We recommend USAID’s Chief, Travel and Transportation Division, prepare a written checklist for its travel assistants to confirm that travel authorization packages for premium travel are reviewed under the same standards. The checklist should, at a minimum, include determining whether:

- Based on the final itinerary, the flight meets all requirements, as applicable, for the 14-hour rule or as recommended by the Office of Civil Rights and Diversity.
- Trips categorized as “Travel in excess of 14 hours TDY” provide an adequate justification for not taking a rest stop in lieu of traveling premium class and confirming that the traveler does not take a rest stop.
- The business class certification form is completed, has the supervisor’s signature for approval, and is uploaded into E2.
- Trips in the “No space available in coach air accommodations” exception include documentation to show that the airline carrier did not have coach accommodations and that travel at that time was critical.

- Trips include documentation to show that business class was necessary for security reasons, when applicable.
- Travel authorizations include the required language for business-class travel accommodations.
- Premium-class travel is categorized in E2 under the correct exception category.

Management Decision: Management agrees with this finding; however, business class travel is not approved by M/MS/TTD and final flight itineraries may not have been completed when M/MS/TTD receives TAs for review. M/MS/TTD will still prepare a written checklist for the travel assistants in M/MS/TTD to use as a guide when reviewing authorizations in E2 that have been approved for business class travel to ensure that all required documents and justifications are attached.

Target completion date: March 1, 2016.

Recommendation 2: We recommend that, after implementing Recommendation 1, USAID's Chief, Travel and Transportation Division, provide training to its travel assistants to use the checklist so that travel authorization packages are reviewed using the same standards.

Management Decision: Management agrees with this finding. After Recommendation 1 has been implemented, M/MS/TTD will provide training to the travel assistants to make sure they use the checklist effectively.

Target completion date: March 1, 2016.

Recommendation 3: We recommend that USAID's Chief, Travel and Transportation Division, revise ADS 522 to include an explicit list of documents that need to be uploaded into E2 with the travel request. At a minimum, that must include:

- Completed, approved business class travel certification forms.
- Final flight itineraries when the traveler is requesting premium-class travel because of a disability and the 14-hour rule.
- Documentation to show that the airline carrier did not have coach accommodations and that it is critical for them to travel at that time, when applicable.
- Office of Civil Rights and Diversity documentation stating that premium travel was needed to reasonably accommodate the traveler, when applicable.
- Documentation to show that business class was necessary for security reasons, when applicable.

Management Decision: Management agrees with this finding. ADS 522 currently identifies required documents, throughout the chapter, that must be uploaded to E2 with the travel request. However, M/MS/TTD will revise ADS 522 to include an explicit list of required documents that need to be uploaded into E2 with the travel request.

Target completion date: March 1, 2016.

Recommendation 4: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5737485-1 are allowable, and recover any amount that is not allowable.

Recommendation 5: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5978583 are allowable, and recover any amount that is not allowable.

Recommendation 6: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5687541-1 are allowable, and recover any amount that is not allowable.

Recommendation 7: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6128085-1 are allowable, and recover any amount that is not allowable.

Recommendation 8: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5969238-2 are allowable, and recover any amount that is not allowable.

Recommendation 9: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6406982 are allowable, and recover any amount that is not allowable.

Recommendation 10: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5709101-3 are allowable, and recover any amount that is not allowable.

Recommendation 11: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6412021 are allowable, and recover any amount that is not allowable.

Recommendation 12: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 6228535-1 are allowable, and recover any amount that is not allowable.

Recommendation 13: We recommend that USAID's Chief, Travel and Transportation Division, make a written determination whether the premium-class travel costs for trip number 5671134-3 are allowable, and recover any amount that is not allowable.

Management Decision: Management agrees with the findings for recommendations 4 through 13. M/MS/TTD will review the premium class air travel costs and determine whether any amounts are unallowable and whether the unallowable amounts should be recovered from the travelers. M/CFO/WFS will pursue collection actions if applicable, based on M/MS/TTD's written determinations.

Target completion date: March 1, 2016.

Recommendation 14: We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, include in the Automated Directives System an explicit list of documents required for travel vouchers so the Agency can fully validate whether charges for airfare are accurate. At a minimum, that list must require supporting documentation for the cost of all issued airfare tickets.

Management Decision: Management is reviewing this recommendation and will determine its management decision by February 28. ADS 522 and ADS 633 currently include language requiring travelers to submit receipts for lodging expenses; receipts for any expense item in excess of \$75.00; and all travel related documentation, including emails, medical certificates or other written correspondences, and justification for use of business class travel. M/CFO/FPS will coordinate with M/MS/TTD to determine what additional documentation, if any, should be required and update relevant ADS chapters as necessary.

Recommendation 15: We recommend that USAID's cognizant contracting officer for contract no. AID-OAA-M-11-00006 work with the contracting officer's representative and the Cash Management and Payments Division staff to develop and include in the contract with Duluth Travel Inc. a clear description of the data that should be presented in the monthly reconciliation report of the centrally-billed account (CBA).

Management Decision: Management agrees with this finding. Due to the conclusion of the Duluth contract, this issue is no longer applicable to that contract. However, modification 1 to the follow-on contract (No. AID-OAA-M-15-00001) with C.I.Travel includes a clear description of the data that should be presented in the monthly reconciliation report of the centrally billed account. M/OAA requests that M/CFO/APC close this recommendation upon report issuance.

Recommendation 16: We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, develop and implement a written process for reviewing each centralized Citibank travel card airfare expense to supporting documentation for the issued ticket before approving the payment. That process should include requirements for supporting documentation to prevent questioned costs.

Management Decision: Management agrees with this finding. During the audit field work, M/CFO/CMP began refining and documenting written standard operating procedures (SOPs) for reviewing, analyzing, reconciling, and paying charges for the Citibank CBA. The SOP was shared with the OIG during the field work and is currently being used. The SOP will be

continually enhanced as necessary, based on experiences/lessons learned. M/CFO/CMP and M/CFO/FPS plan to include the SOP as an Internal Mandatory Reference in ADS 633 and in ADS 630, Payables Management. ADS 522 will also reference to ADS 633 and 630.

Target completion date: March 1, 2016.

Recommendation 17: We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, implement a written process for reviewing agent fees before approving payment in accordance with the Federal Managers' Financial Integrity Act of 1982. This process could include a monetary threshold for reviewing details of the agent fees, as necessary.

Management Decision: Management agrees with this finding. M/CFO/CMP currently reviews and matches each agent fee charged to a valid ticket issued for the approved trip. The required process to review agent fees before approving payment has been incorporated into the SOP. M/CFO/CMP requests that M/CFO/APC close this recommendation upon report issuance.

Target completion date: March 1, 2016.

Recommendation 18: We recommend that USAID's Chief Financial Officer, in coordination with the Chief, Travel and Transportation Division, include an explicit requirement in the Automated Directives System for travelers to document and report all requests for the travel management center to issue airfare tickets. The requirement must include:

- Justification of all issued tickets requested.
- A limit to the number of times a traveler can do the following without a supervisor's approval: (1) make changes to issued tickets that result in agent fees, and (2) use after-hour and weekend travel management center services.
- Consequences for not following the Agency's agent fee requirements.

Management Decision: Management is reviewing this recommendation to determine what process and documentation could be used to address this finding. Once determined, Management will decide what steps it will take.

Recommendation 19: We recommend that USAID's Chief, Travel and Transportation Division, in coordination with the Chief Financial Officer, provide training to all USAID staff regarding traveler actions that result in agent fees to the Agency, traveler's responsibilities, and all applicable related policies.

Management Decision: Management is reviewing this recommendation and will determine its management decision by February 28.

Recommendation 20: We recommend that USAID's Chief, Travel and Transportation Division, obtain approval from the Information Records Division for the revised business class certification form. At a minimum that form must be:

- Marked as sensitive but unclassified once filled in, in accordance with ADS 505.
- A fillable form to allow travelers to complete the required information.

Management Decision: Management agrees with this finding. M/MS/TTD will revise the business class justification certification form and mark it as sensitive but unclassified, in accordance with ADS 505. The revised form will also be a fillable document, allowing travelers to complete the required information.

Target completion date: March 1, 2016.

Recommendation 21: We recommend that USAID's Chief, Office of Civil Rights and Diversity, update Automated Directives System 110, Equal Employment Opportunity, to reflect the current Agency policies and procedures. At a minimum, that must include:

- Current policies and procedures for approving requests for reasonable accommodations.
- An explanation of when approvals for reasonable accommodations expire for disabilities that are not permanent.

Management Decision: See Tab 1

Recommendation 22: We recommend that, after final corrective action is taken on Recommendation 21, USAID's Chief, Travel and Transportation Division, update Automated Directives System 522 to reflect the current policies and procedures for approving requests for premium-class travel based on a disability.

Management Decision: There is already policy and procedures in ADS 522 to approve requests for premium-class travel based on disability. We request that this recommendation be closed.

~~(SBU)~~ **Recommendation 23:** We recommend that USAID's Chief Information Officer conduct a written review of the U.S. General Services Administration's security package for the E2 system.

~~(SBU)~~ **Management Decision:** Management agrees with this finding. M/CIO will coordinate with the E2 System Owner as required, in order to complete and document a security assessment of the U.S. General Services Administration's security package for the E2 system.

Target completion date: June 30, 2016.

~~(SBU)~~ **Recommendation 24:** We recommend that, based on the results of the review in response to Recommendation 23, USAID's Chief Information Officer make a written determination whether the E2 system should be authorized for Agency operations.

~~(SBU)~~ **Management Decision:** Management agrees with this finding. It is noted that the E2 system is currently in operation at USAID and will stay in operation while this recommendation is addressed. M/CIO will conduct and document a review of the E2 system security assessment resulting from recommendation 23 and will document management's decision regarding what action is to be taken as a result of that review.

Target completion Date: July 31, 2016.

~~(SBU)~~ **Recommendation 25:** We recommend that USAID's Chief Information Officer update Automated Directives System 545, Information Systems Security, to clearly discuss the requirements for authorizing third-party systems for Agency operations.

~~(SBU)~~ **Management Decision:** M/CIO will update ADS 545, Information Systems Security, to include the requirements for authorizing third-party systems.

Target completion Date: November 30, 2016.

~~(SBU)~~ **Recommendation 26:** We recommend that USAID's Chief, Travel and Transportation Division, develop procedures and revise Standard Operating Procedures for USAID E2 Helpdesk to certify periodically within an Agency-defined time frame whether E2 accounts should remain active and disable unneeded accounts.

~~(SBU)~~ **Management Decision:** Management agrees with this finding. M/MS/TTD, in coordination with the E2 Help Desk, will develop procedures on when an E2 account should remain active or be disabled. The SOP will outline Agency-defined time frames for when accounts will remain active or be disabled.

Target completion date: March 1, 2016.

Recommendation 27: We recommend that USAID's cognizant contracting officer remove the second paragraph from the C.12.2 section of contract no. AID-OAA-M-15-00001 with C. I. Travel Center.

Management Decision: Management agrees with this finding. The second paragraph in Section C.12.2 of contract no. AID-OAA-M-15-00001 was removed in modification number 2, as recommended. M/OAA requests that M/CFO/APC close this recommendation upon report issuance.

CRITERIA FOR PREMIUM-CLASS TRAVEL

The following are criteria used in support of the finding titled “USAID Did Not Fully Meet Agency Requirements for Its Premium Travel Trips” on page 5.

ADS Chapter 522, “Performance of Temporary Duty Travel in the U.S. and Abroad” (October 15, 2015)

Section 522.3.11, “Premium Class Air Travel.” This section states:

[A] Premium Class Travel (Business Class) Certification form is required to justify the use of business class air accommodations.

Section 522.3.11.1, “Exceptions for Premium Class Air Travel.” This section states:

Travelers may, but are not automatically permitted to, use premium class air accommodations when an Approving Official specifically decides to allow the travel in accordance with one or more of the reasons below. All justifications for premium class travel must be attached to the TA in the E2 travel system.

The Premium Class Travel (Business Class) Certification Form must be used for all requests for business class air travel. The traveler must obtain the required signatures and/or the appropriate documentation and attach the form to their E2 TA.

Section 522.3.11.1.a. This section states:

TDY travel when the airline flight time exceeds 14 hours. Fourteen hours is calculated from the point of departure and includes scheduled stopovers for connecting flights. The traveler forgoes the available rest stop or premium class lounge day pass. Business class should only be chosen in the following circumstances:

1. The travel is over 14 hours measured by the shortest feasible routing including reasonable layovers;
2. Work schedules/demands do not allow for the traveler to depart earlier and take a rest stop;
3. A premium class lounge will not provide enough rest, comfort and working environment as compared to business class travel;
4. The traveler must report to work on the day of arrival;
5. The point of origin, final destination, or both must be outside the continental United States (OCONUS).

Section 522.3.11.1.c. This section states:

Premium class air travel is necessary to reasonably accommodate a traveler's disability. "Disability" is defined as a physical or mental impairment that substantially limits one or more of a person's major life activities. . . . Such TAs must be accompanied by a letter from the Disability Review Committee in the Office of Civil Rights and Diversity (OCRD) as described in ADS 110.

Section 522.3.11.1.d. This section states:

Premium class air travel is necessary to accommodate a traveler's special physical need. "Special physical need" includes physical conditions that do not rise to the level of a disability. Generally, such special physical needs are temporary and/or minor, and include conditions like a broken leg in a cast that would prevent the traveler from fitting in economy class.

Any request for premium class air travel under this exception must be approved by the traveler's supervisor, with clearance from the Deputy Assistant Administrator (DAA) or Independent Office Director in Washington and the Mission Director in field missions.

Section 522.3.11.1.f. This section states:

Space is unavailable in coach class accommodations and the traveler must accomplish an urgent mission that cannot be postponed. A justification under this provision must describe the required routing and why no alternative coach class accommodation is available. The traveler must put in writing why the mission is urgent and cannot be postponed, and show that he/she made a good faith effort to obtain a reservation in coach class at the earliest practical time. The employee cannot unreasonably delay or postpone making travel plans and reservations in order to travel via premium class.

Section 522.3.11.1.g. This section states:

Security purposes make the use of premium class air travel accommodations essential to the successful performance of the Agency's mission. A justification under this provision must state why security concerns make premium class air travel accommodations essential. The Deputy Director, Office of Security must clear this justification when the travel is funded by Washington or the Mission Director, in consultation with the Regional Security Office (RSO), when the travel is funded by the Mission.

ADS 110, *Equal Employment Opportunity*, (August 23, 2012)

Section 110.3.6.2, "Reasonable Accommodation." This section states:

a. USAID must make reasonable accommodation to the documented physical or mental limitations of a qualified applicant or employee with a disability... Reasonable accommodation means any change in the work environment, or in the way things are customarily done, that enables a qualified applicant or employee with a disability to perform the essential functions of a job. It also

means a modification or adjustment that enables an applicant or employee with a disability to enjoy equal benefits and privileges of employment as are enjoyed by other similarly situated employees without disabilities.

USAID's Policy-Reminder, "Standard Remarks For E2 Travel Authorizations and Travel Vouchers" (September 5, 2012)

This provides remarks that are required for all travel authorizations (TAs) in accordance with ADS 522 and 633. It states:

The remarks are to be copied and pasted into the remarks section of the E2 TA.

This will help travelers to incur and claim only what's authorized and reimbursable. The use of the standard remarks will also allow voucher examiners to process the TV [sic] in a timely manner.

The attachment to the reminder includes the following standard remarks:

- Premium class air travel is authorized for TDY travel in excess of 14 hours in lieu of a rest stop. The traveler is required to report for duty the day of arrival at post and cannot depart earlier to accommodate a rest stop.
- Premium class air travel is authorized for medical reasons.
- Premium class air travel is authorized for special physical need (cite the date of the medical statement).
- The cost comparison between coach and premium class air travel accommodations was made using the least costly coach class air fare available.
- The traveler is paying for the difference between coach class and premium class. The difference was calculated using the least costly YCA coach class air fare.

GAO's *Standards for Internal Control in the Federal Government* (September 2014)

"Accurate and timely recording of transactions." This section states "management designs control activities so that all transactions are . . . accurately recorded."

"Documentation Requirements." This section states:

Documentation is a necessary part of an effective internal control system . . . Documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system.

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