



OFFICE OF INSPECTOR GENERAL

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# AUDIT OF USAID/EGYPT'S EMERGENCY PREPAREDNESS AND EVACUATION TRAVEL PAYMENTS

AUDIT REPORT NO. 6-263-12-005-P  
FEBRUARY 9, 2012

CAIRO, EGYPT



*Office of Inspector General*

February 9, 2012

**MEMORANDUM**

**TO:** USAID/Egypt Mission Director, Walter North

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

**SUBJECT:** Audit of USAID/Egypt's Emergency Preparedness and Evacuation Travel Payments (Report No. 6-263-12-005-P)

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

The report includes 16 recommendations to USAID/Egypt. In response to the draft report, USAID/Egypt officials agreed with eight recommendations, partially agreed with one, and disagreed with the remaining seven. On the basis of information provided by USAID/Egypt in response to the draft report, we determined that management decisions have been reached on Recommendations 2, 4, 5, 6, 11, 12, and 15. No management decisions have been reached on Recommendations 1, 3, 7, 8, 9, 10, 13, 14, and 16. In addition, USAID/Egypt took final actions on Recommendations 2, 5, and 15.

The Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer will determine whether final action has been achieved on Recommendations 4, 6, 11, and 12 upon completion of the proposed corrective actions. Please determine management actions for Recommendations 1, 3, 7, 8, 9, 10, 13, 14, and 16, and provide RIG/Cairo with action plans and target dates within 30 days of the final report.

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

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## Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
DoS	Department of State
DSSR	Department of State Standardized Regulations
FY	fiscal year
GAO	Government Accountability Office
GMRA	Government Management Reform Act
M&IE	meals and incidental expenses
OFM	Office of Financial Management
TDY	temporary duty travel
UAB	unaccompanied air baggage

# SUMMARY OF RESULTS

U.S. State Department (DoS) employees and their families occasionally must be evacuated from embassies in countries during war, terrorism, natural disasters, or disease outbreaks. These incidents also can affect USAID missions since they often are attached to embassies. According to a 2007 Government Accountability Office report, the scale of evacuations differs in scope and size; typically, they are “authorized or ordered departure[s] of staff and dependents.”<sup>1</sup> Evacuations such as these happen a few times a year. Between March 2002 and August 2007, DoS ordered 60 evacuations from overseas posts, of which 20 occurred in the Middle East.

The January 2011 revolution in the Arab Republic of Egypt prompted DoS to authorize nonemergency U.S. Embassy Cairo personnel<sup>2</sup> and dependents to go to the United States or other designated safe havens at the expense of the U.S. Government. The department authorized this voluntary departure on January 30, 2011. However, on February 1, 2011, it upgraded the evacuation from an authorized departure to an ordered departure, which required all nonemergency personnel and dependents to leave the country immediately. Consequently, the U.S. Embassy Cairo evacuated 45 USAID/Egypt U.S. employees with 70 dependents to the United States or other designated safe havens. On April 29, 2011, DoS, in consultation with the U.S. Ambassador to Egypt, lifted the ordered evacuation, allowing all employees and their dependents to return.

At USAID/Egypt, two primary offices were involved in functions associated with the evacuation. The Executive Office was responsible for coordinating with the Embassy to provide and verify human resources information; ensuring the continuity of operations at the mission; preparing evacuation travel authorizations; and coordinating authorized travel for employees during the ordered departure. The USAID/Egypt’s Office of Financial Management (OFM) was responsible for funding the travel authorizations and reviewing, processing, and reimbursing employees for allowable evacuation expenses. As of June 30, 2011, USAID/Egypt had reimbursed \$962,400<sup>3</sup> to employees and DoS for evacuation expenses.

To help offset added expenses incurred by evacuees, DoS authorized special allowances for travel, subsistence expenses at safe haven locations, transportation, and some shipping costs. The evacuation entitlements are specified in the Department of State Standardized Regulations (DSSR), Chapter 600, “Payments During an Ordered/Authorized Departure,” and are summarized in Appendix III.

The Regional Inspector General/Cairo added this audit to its fiscal year (FY) 2011 audit plan after identifying anomalies with some reimbursement requests during USAID/Egypt’s FY 2011 Government Management Reform Act (GMRA) audit and the “Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances.” This audit also focused on the mission’s plans and preparedness to address emergencies.

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<sup>1</sup> “State Department: Evacuation Planning and Preparations for Overseas Posts Can be Improved,” GAO-08-23, October 19, 2007, page 10.

<sup>2</sup> Different agencies and departments, such as USAID/Egypt, are assigned under the U.S. Ambassador at the U.S. Embassy Cairo.

<sup>3</sup> In addition, USAID/Egypt processed 52 reimbursement requests and paid \$222,600 of evacuation benefits to Regional Inspector General/Cairo staff members. This amount was excluded from the audit.

Although the mission performed quick-response evacuation actions commendably, USAID/Egypt can improve its continuity of operations plans to better prepare for emergencies. In addition, as a result of some unallowable evacuation benefits and miscalculations of expenses, USAID/Egypt paid unallowable costs of \$4,175<sup>4</sup> and did not pay \$1,111 in allowable expenses. The audit identified the following issues that the mission will need to address:

- USAID/Egypt did not have some elements of a continuity of operations plan (page 4).
- USAID/Egypt did not correctly calculate and pay some evacuation benefits (page 6).
- USAID/Egypt did not approve a telecommuting arrangement properly (page 7).
- USAID/Egypt did not pay advances appropriately (page 9).
- USAID/Egypt employees did not use the required government travel card (page 11).
- USAID/Egypt did not require adequate documentation for some reimbursement requests (page 12).
- USAID/Egypt did not obtain invoices for intragovernmental transactions (page 13).
- USAID/Egypt employee used the U.S. Military Postal Service inappropriately (page 14).
- USAID/Egypt did not ensure timely submission of reimbursement requests (page 15).

To address these issues, this audit recommends that USAID/Egypt:

1. Develop and implement an internal control to update consolidated personally identifiable information for employees and dependents as needed, and submit it to the appropriate Embassy personnel (page 6).
2. Identify and document essential functions and activities, and determine the minimum resources needed to perform critical operations in an emergency (page 6).
3. Determine the allowability of questioned costs valued at \$4,175 and nonpayment of \$1,111, and recover from or remit to the employees amounts deemed appropriate (page 7).
4. Provide and document training to financial management employees on regulations governing evacuation entitlements (page 7).
5. Review and document the work produced by the employee for the 88 hours of regular duty claimed, determine the allowability of payments made, and collect any overpayments (page 8).

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<sup>4</sup> Additionally, "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances" (Report No. 6-263-12-001-P, December 13, 2011) identified \$5,112 in unallowable costs.

6. Develop, document, and implement mission procedures for obtaining appropriate approvals for any deviations from U.S. federal regulations regarding advances for evacuation travel (page 10).
7. Document the availability of advances for U.S. direct-hire staff during evacuations in the mission's procedures on financial management advances and accounts payable (page 10).
8. Include the requirement for the use of government-sponsored travel cards in Section 7 of the AID 5-8 Travel Authorization Form to remind employees of their financial management responsibilities (page 12).
9. Issue a written reminder to all employees about the possible penalties for not following the guidelines requiring the use of the travel cards (page 12).
10. Determine the type of offense, administer the appropriate penalty, and document it in the appropriate mission or personnel file, if warranted (page 12).
11. Provide and document training to financial management employees on retaining in the mission's electronic filing depository appropriate supporting documents for financial transactions (page 13).
12. Develop a checklist of relevant documents that financial management employees can use to verify the completeness of a travel voucher package before processing employee reimbursements (page 13).
13. Revise and implement its intragovernmental transactions recording procedures to require financial management employees to obtain, review, and maintain supporting documentation for all intragovernmental transactions (page 14).
14. When warranted, include in Section 7 of the AID 5-8 Travel Authorization Form guidance indicating that use of the U.S. Military Postal Service for unaccompanied baggage is prohibited (page 15).
15. Periodically remind all travelers that they must file a travel voucher within 5 business days of completing travel or every 30 calendar days during extended travel (page 16).
16. Include in Section 7 of the AID 5-8 Travel Authorization Form the requirement to submit a travel reimbursement request within 5 business days after completing travel (page 16).

Detailed findings are included in the following section. Appendix I contains information on the scope and methodology. Management comments are included in their entirety in Appendix II, and our evaluation of management comments is included on page 17.

# AUDIT FINDINGS

## **USAID/Egypt Did Not Have Some Elements of a Continuity of Operations Plan**

The U.S. Government has published several directives to provide guidance on continuity of operations planning. In February 2008, the Department of Homeland Security published the Federal Continuity Directive 1, "Federal Executive Branch National Continuity Program," to provide direction for the development of continuity plans to address "no notice emergencies, including localized acts of nature, accidents, technological emergencies, and military or terrorist attack-related incidents." As defined in the directive, a continuity plan helps facilitate the performance of essential functions before, during, and after an event to minimize disruptions of normal operations. Furthermore, requirements of a continuity plan include documented plans and procedures delineating essential functions; identifying a specific order of succession and delegation of authority; identifying human capital consideration; identifying and protecting vital records and databases; identifying alternate operating facilities; and discussing the continuity of communications validated through tests, training, and exercises. The Federal Continuity Directive 1, Annex I, "Vital Records Management," provides guidance about the identification, protection, and availability of vital records and hard-copy documents, including official personnel records and inventory records, among others. In addition, the Privacy Act of 1974 defines a "record" as any item, collection, or grouping of information about an individual that is maintained by an agency that contains personally identifiable information.<sup>5</sup>

To prepare for the evacuation, USAID/Egypt officials compiled a list that included employees and dependents to be evacuated and identified essential employees who would remain at their assigned duty station (post). According to the deputy executive officer at the time of the evacuation, the former deputy mission director assisted by communicating directly with USAID office directors to get information on the employees and dependents that U.S. Embassy Cairo wanted to evacuate. This information included the employees' and dependents' home of record or desired safe haven location, emergency contact information, passport numbers, and current locations. Although certain personnel information was available in a shared post personnel database, mission officials could not come to the office because of the civil disruption, and the Government of Egypt blocked Internet service at employees' homes. Therefore, USAID/Egypt officials contacted employees directly through telephone access provided by the U.S. Government to verify the information.

During the evacuation, according to the executive officer, USAID/Egypt's former deputy mission director also identified 7 of 12 departments as essential, and, after coordinating with Embassy personnel, determined a reduced staffing level. Mission officials decided that nine U.S. employees<sup>6</sup> should remain at USAID/Egypt to perform essential functions.

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<sup>5</sup> According to USAID guidance, personally identifiable information is any information an agency maintains about an employee that includes, but is not limited to, name, address, telephone, e-mail addresses, and any other descriptors; when this information is combined, it can identify the employee. Access to this information should be protected as required by the Privacy Act of 1974, as amended.

<sup>6</sup> The essential employees were the mission director, deputy mission director, executive officer, controller, and five office directors or assistant directors.

At USAID/Egypt, six offices have regional responsibilities<sup>7</sup> to provide services such as procurement, legal, program management oversight, and financial functions for other missions operating in the Middle East and Asia, North Africa, and Europe. For example, USAID/Egypt's OFM supports nine<sup>8</sup> other USAID missions with accounting, budgeting, financial analysis, and processing for some financial transactions. Understandably, because of the disruption caused by the evacuation and the limited number of employees at the mission, the OFM did not process financial transactions for Iraq, Pakistan, Afghanistan, and Sudan.

USAID/Egypt's Executive Office developed a mission policy on continuity of operations on September 11, 2011, for the mission's continuity of operations plan. However, that policy is a centralized source of compiled information about practices, plans, and procedures that USAID/Egypt will use or uses to prepare for emergencies; it is not a continuity of operations plan. Such a plan may (1) provide critical information about the mission employees and their dependents as a quick reference that contains contact information and other personally identifiable information in case of emergencies, and (2) identify essential mission functions and the staff needed to perform them.<sup>9</sup>

Responding to a question about the need for personally identifiable information about mission employees, the executive officer said that since USAID/Egypt developed a summary of this information during the evacuation, there was no need to update and maintain it because it could be developed anytime. However, the Embassy demonstrated the need to maintain this type of data during October and November 2011, when Embassy personnel requested and updated personally identifiable information about the mission's employees and their dependents. Consequently, USAID/Egypt was asked to verify and update its employee data in response to Embassy personnel requests.

Although the executive officer said some mission officials had considered functions the mission would require in an emergency, USAID/Egypt had not documented essential office activities or the minimum number of staff members needed to perform them. The executive officer said mission officials did not predetermine essential office activities and resources because it was best to keep the identification of essential personnel flexible to allow officials to make decisions on functions needed by the mission.

USAID/Washington's Bureau for Management, Office of Management Services, provides the oversight for the agency's continuity of operations plans for headquarters' offices. The bureau's emergency manager said that although USAID/Washington provides management oversight for its Washington offices, the agency does not have staff assigned specifically to modify and simplify continuity of operations plans for overseas missions. According to the emergency manager, USAID has guidance on information needed in a continuity of operations plan, but missions do not have a standardized process for developing one, although some bureaus or offices in Washington provide explicit instructions for missions or overseas offices. As a result, USAID/Egypt follows the lead of its cognizant U.S. Embassy.

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<sup>7</sup> These include the procurement, financial management, executive, and legal offices; the Office of Middle East Programs; and the Regional Inspector General/Cairo.

<sup>8</sup> Those missions are Afghanistan, Iraq, Lebanon, Morocco, Pakistan, Paris, Rome, Sudan, and Yemen.

<sup>9</sup> Any system of records developed or modified to track personally identifiable information should comply with the Privacy Act's publication requirement at 5 U.S.C. 552a(e)(4) and any other legal requirements.

Historically, many evacuations have occurred in the Middle East. Because frequent staff rotations can limit institutional memory at USAID missions, a continuity of operations plan with readily available personally identifiable information about mission employees, essential processes, and the requisite staffing needs is very important. Without a systematic process to document time-sensitive emergency data in advance and to identify what must be done to ensure continuity of operations, USAID/Egypt limits its preparedness and responsiveness during emergencies. Consequently, the audit makes the following recommendations.

**Recommendation 1.** *We recommend that USAID/Egypt develop and implement an internal control to update consolidated personally identifiable information for employees and dependents as needed, and submit it to the appropriate Embassy personnel.*

**Recommendation 2.** *We recommend that USAID/Egypt identify and document essential functions and activities, and the minimum resources needed to perform critical operations during emergencies.*

## **USAID/Egypt Did Not Correctly Calculate and Pay Some Evacuation Benefits**

DSSR, Chapter 600, “Payments During an Ordered/Authorized Departure,” authorizes certain U.S. Government agencies operating in foreign areas to pay employees and their dependents several benefits in the event of an evacuation from their posts. Some of the authorized evacuation benefits are included in DSSR 631, “Travel Expense Allowances,” which governs locality per diem from a date of departure to a date of arrival at an official safe haven; DSSR 632, “Subsistence Expense Allowances,” which governs locality per diem for up to 180 days from the date following arrival at an authorized safe haven; and DSSR 631 (b), “Household Effects, Privately Owned Vehicle and Transportation Allowance,” which limits shipments of privately owned vehicles and reimbursements for transportation expenses. Appendix III summarizes further details of these entitlements.

USAID/Egypt’s OFM paid unallowable costs of \$4,175<sup>10</sup> and did not pay \$1,111 in allowable expenses. These questioned costs were identified in 17 of 144 reimbursement requests submitted by 15 of the 41 U.S. employees. For example, this audit found that OFM reimbursed an employee \$1,455 over the allowable lodging amount because the employee claimed lodging at a special family composition rate to which the employee was not entitled. In the second case, the mission reimbursed an employee staying in the District of Columbia metropolitan area for lodging at a rate of \$209 to \$229 per night plus taxes when the maximum was \$181 per night plus taxes; OFM paid this employee \$668 more than the maximum allowable lodging amount. In two other cases, OFM paid two employees unallowable costs totaling \$722 in evacuation benefits for meals and incidental expenses (M&IE) and for transportation because the employees did not report directly to Washington, D.C., the official safe haven location for all USAID employees. In a third case, although an employee reported to Washington, the employee left to work remotely in New York State. According to USAID/Egypt’s former deputy mission director, this employee worked for the mission remotely without an approved telecommuting arrangement. Consequently, OFM paid the employee \$994 in unallowable costs for M&IE. In another case, because of an oversight, OFM inadvertently did not pay an

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<sup>10</sup> Additionally, the “Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances” (Report No. 6-263-12-001-P, December 13, 2011) identified \$5,112 in unallowable costs.

employee \$410 for 1 day of evacuation benefits that included lodging, M&IE, and transportation allowances.

Mission officials gave several reasons for the unallowable payments. First, mission officials said the regulations were complicated and not always clear. Voucher examiners and certifying officers who reviewed and approved the employees' reimbursement requests lacked any institutional knowledge about the application of the regulations. Second, in addition to the internal controls established for reviewing reimbursement requests, the Executive Office and OFM formed a focus group to discuss the ambiguities of the evacuation regulations and areas in which management could use its discretion in interpreting the guidance. As part of this process, the former controller clarified and approved many of the lodging issues identified to accommodate employees and their dependents during the evacuation to the United States. Third, local employees living in Cairo and surrounding cities indicated that they were personally affected by the unpredictable security situation during the revolution, and that adversely affected their job performance. Consequently, errors in reviewing and approving reimbursements requests occurred.

Although an unscheduled evacuation is stressful, financial management officials are stewards of government funds and are responsible for ensuring that payments are correct and paid in accordance with established regulations. Although the value of the unallowable reimbursements or miscalculations would not necessarily be material to the Agency's financial statement, evacuation payments have a high inherent risk given the infrequency of evacuations. Consequently, the audit makes the following recommendations.

***Recommendation 3.*** *We recommend that USAID/Egypt determine the allowability of questioned costs valued at \$4,175 and nonpayment of \$1,111, and recover from or remit to the employees amounts as deemed appropriate.*

***Recommendation 4.*** *We recommend that USAID/Egypt provide and document training to financial management employees about regulations governing evacuation entitlements.*

## **USAID/Egypt Did Not Approve a Telecommuting Arrangement Properly**

Telecommuting is a flexible work arrangement that allows an employee to perform authorized duties and responsibilities from an approved worksite other than the location from which the employee would usually work. USAID's Automated Directives System (ADS) 405, "Telecommuting,"<sup>11</sup> requires supervisors to approve an employee's individual request to telecommute. Supervisors must have a clear understanding and agreement about the employee's alternative workplace, work days and hours, and the work to be performed. During the evacuation, as indicated on the official DoS evacuation order, U.S. employees were required to report to USAID headquarters in Washington, D.C.

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<sup>11</sup> ADS 405, "Telecommuting," was superseded by ADS 405, "Telework," revised May 2011. However, ADS 405, "Telecommuting," was the effective policy during the audit period.

As a basis for approving an employee's time and attendance information, GAO published *Maintaining Effective Control over Employee Time and Attendance Reporting*<sup>12</sup> According to Part I, "Alternative Workspace Arrangements," supervisors are required to obtain reasonable assurance that employees working at remote sites are working when scheduled, and that time and attendance information is accurate.

An employee claimed, and the time and attendance certifying officer approved, 88 hours of regular duty time in USAID's official time and attendance system for hours worked remotely in New York State from February 4 to 28, 2011. However, the former deputy mission director, as the employee's immediate supervisor, did not approve a telecommuting arrangement, and the employee was not entitled to certain evacuation benefits while living in New York State, as discussed on page 6 of this report.

The employee planned to resign from USAID and begin employment with an organization in New York State. USAID/Egypt's Executive Office signed a separation travel authorization for travel to the United States for this employee and dependents effective February 12, 2011. However, the executive officer approved the employee's request to stay on the payroll from February 12 to 28, 2011, to help the staff member assigned to replace the employee.

One of USAID/Egypt's certifying officers notified the resigning employee via e-mail that all USAID employees are reimbursed for subsistence expenses based on the Washington, D.C., rate and requested that the employee provide documents to support payment for a different location. However, the employee told the officer that USAID/Egypt's executive officer and a USAID/Washington human resources specialist decided that because of the pending agency separation, it did not make sense to continue working in Washington, D.C.

None of the USAID/Egypt officials provided the audit team with a valid reason for the lack of an approved telecommuting arrangement. From Egypt, the executive officer communicated with the telecommuting employee during this time but was not aware that the employee was working remotely. In addition, the employee's successor stated that the employee worked throughout the period by telephone and Internet, and that the employee's knowledge of USAID's programs was invaluable. USAID/Egypt's former deputy mission director, who also remained in Egypt during the evacuation, certified the employee's time and attendance records but commented that no telecommuting arrangement had been approved. The former deputy mission director also had no communication with the employee after the employee evacuated from Egypt on January 31, 2011.

Although USAID supports and encourages telecommuting arrangements, a supervisor must approve these alternative work arrangements and properly account for an employee's productivity while working remotely. As a certifying official for an employee's time and attendance record, the supervisor is inherently responsible for ensuring the accuracy of these records. Accordingly, the audit makes the following recommendation.

***Recommendation 5.*** *We recommend that USAID/Egypt review and document the work produced by the employee for the 88 hours of regular duty claimed, determine the allowability of payments made, and collect any overpayments.*

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<sup>12</sup> GAO Report 03-352G, "Maintaining Effective Control over Employee Time and Attendance Reporting," January 2003.

## **USAID/Egypt Did Not Pay Advances Appropriately**

According to DSSR 615, "Advance Payments," an employee may be paid in advance of a normal payday when, in the opinion of the authorizing officer, payment is required to help defray immediate expenses due to the evacuation of an employee or dependents or both. In addition, according to DSSR 617, "Amount of Advance Payment," the advance payment shall be based on the rate of compensation including any allowances or post differential to which an employee was entitled immediately before the issuance of the evacuation order. The total advance payment to an employee may not exceed 30 days of the employee's rate of compensation including any allowances or post differential to which an employee was entitled immediately prior to the issuance of the evacuation order. DSSR 617.2 (b) includes guidance that allows officials to provide an advance payment within 30 days of the evacuation order. According to DSSR 642, "Approval Procedures," an agency may deviate from the regulation but must receive prior approval from the Secretary of State before implementation.

In an e-mail sent February 9, 2011, USAID/Egypt's OFM officials instructed employees to request advance payments for lodging only and did not mention an expiration date for requests. On April 11, 2011, one employee requested an advance of \$3,156 for M&IE and transportation allowances, as shown in the following table.

USAID/Egypt's OFM made eight advance payments to employees totaling \$42,281 to finance immediate evacuation expenses. However, it paid seven of them after March 2, 2011, more than 30 days after the authorized evacuation on January 30, 2011, and did not get DoS approval, as required. Furthermore, USAID/Egypt provided advance payments to one employee that exceeded the allowable limit by \$8,074. The table below shows the advance payments made.

**Advance Payments to Employees (audited)**

<b>Employee's Audit Identifying Number</b>	<b>Advance Payment Date</b>	<b>Advance Amount (\$)</b>	<b>Total by Employee (\$)</b>	<b>Amount Exceeding Allowable Amount (\$)</b>	<b>Payment Provided before March 2, 2011</b>	<b>Reason for Advance</b>
17	3/25/2011	7,689			No	Lodging
17	4/13/2011	10,327*			No	Lodging
17	5/11/2011	2,177	20,193	8,074	No	Lodging
4	2/14/2011	5,430			Yes	Lodging
4	3/16/2011	5,430			No	Lodging
4	4/6/2011	5,430	16,290	n/a	No	Lodging
11	5/3/2011	3,156	3,156	n/a	No	M&IE and Travel Allowances
6	4/1/2011	2,642	2,642	n/a	No	Lodging
<b>Total</b>		<b>42,281</b>	<b>42,281</b>	<b>8,074</b>		

\* Advance payment was also tested as part of the "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances" (Report No. 6-263-12-001-P), December 13, 2011.

According to a financial management officer, USAID/Egypt made a management decision to provide employees with advance payments for lodging because of the unplanned displacement and the financial burden of paying lodging expenses before the mission could process and reimburse allowable costs. In addition, the voucher examiners and certifying officers responsible for reviewing and approving payments stated that they were not aware that the advance payments were allowable only for a specific time because these decisions were made by the former mission controller. The financial management officer did not offer an explanation for providing advance payments for M&IE and transportation expenses that should not have been paid and that were not mentioned in the mission's February 9, 2011, e-mail to employees.

Although advance payments were important to assist employees and dependents with immediate, unplanned expenses incurred because of the evacuation, USAID/Egypt must follow regulations and seek the appropriate approval to deviate from requirements. Since adhering to this regulation helps prevent misappropriation of government funds and provide some protection to the Agency against fraud, waste, and abuse, the audit makes the following recommendations.

**Recommendation 6.** *We recommend that USAID/Egypt develop, document, and implement mission procedures for obtaining appropriate approvals for any deviations from U.S. federal regulations regarding advances for evacuation travel.*

**Recommendation 7.** *We recommend that USAID/Egypt document the availability of advances for U.S. direct-hire staff during evacuations in the mission's procedures on financial management advances and accounts payable.*

## **USAID/Egypt Employees Did Not Use the Required Government Travel Card**

USAID's ADS 633.3.3, "Government-Sponsored Travel Card," states that Public Law 105–264, dated October 19, 1998, requires the mandatory use of government-sponsored travel cards for official government travel by employees. All U.S. direct-hire employees and personal service contractors who travel on official Agency business must have a travel card and are required to use it to pay for authorized travel expenses, including lodging and meals. As stated in the guidance, when requesting reimbursement for expenses, if a traveler did not use the card for travel-related expenses, the traveler must explain why in the comments section of the associated request for reimbursement.

Section 7 of USAID's Request and Authorization of Official Travel (Travel Authorization Form), document number AID 5-8, includes a section for an itinerary, the purpose of travel, any authorizations, and special notes providing the basis for specific travel entitlements and requirements that USAID officials can use. In the event that employees do not follow the regulations, such as ADS 633.3.3, "Government-Sponsored Travel Card," officials may assess a penalty for offenses. As authorized by ADS 487, "Disciplinary and Adverse Actions Based Upon Employee Misconduct – Civil Service" dated November 6, 2009, the Table of Offenses and Penalties lists some commonly identified offenses and provides some guidance on what penalties apply for violations of administrative regulations. It also includes a section on miscellaneous offenses that do not require penalties.

At least nine<sup>13</sup> USAID/Egypt employees did not use their government-issued travel card for authorized travel expenses while on evacuation status. Instead, they used personal credit cards to pay expenses for lodging and other expenses. Further, at least one of the nine employees who received a cash advance to pay for lodging still used a personal credit card. None of the nine employees annotated their reimbursement requests, as required, to explain why they did not use the travel card.

USAID/Egypt's Executive Office did not include on the travel authorization form the requirement to use the government-sponsored credit card, and employees provided various reasons for not using their cards. One said that during the chaos of the situation, the card was left inadvertently at the office in Egypt, and others said they forgot to use their cards. In one case, an employee who left the travel card in Egypt did not ask for a replacement because neither DoS regulations nor USAID/Egypt's Executive Office's evacuation travel authorization stated that a travel card was required for evacuation travel expenses. In two cases, the employees did not have active travel cards.

Although some employees may have left travel cards in Egypt or may not have had them at the time of the evacuation, employees had the option of contacting the Financial Policy and Support Division for a replacement travel card to use to charge allowable evacuation expenses. According to division staff members, an employee could have received a replacement card in the Washington, D.C., area within 3 to 4 business days.

Not using the required travel card not only violates USAID's policy, but also reduces the rebate

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<sup>13</sup> "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances" (Report No. 6-263-12-001-P, December 13, 2011) identified another exception.

USAID receives from the supplier of the card. In response to a previous Office of Inspector General recommendation, USAID/Egypt's Executive Office issued a mission wide reminder on August 18, 2011, to remind staff of their obligation to use the travel card. Since USAID/Egypt could take additional steps to ensure that employees understand this, the audit makes the following recommendations.

**Recommendation 8.** *We recommend that USAID/Egypt include the requirement for the use of the government-sponsored travel card in Section 7 of the AID 5-8 Travel Authorization Form to remind employees of their financial management responsibilities.*

**Recommendation 9.** *We recommend that USAID/Egypt issue a written reminder to all employees about the possible penalties for not following the guidelines requiring the use of the government-sponsored travel card.*

**Recommendation 10.** *We recommend that USAID/Egypt determine the type of offense, administer the appropriate penalty, and document it in the appropriate mission or personnel file, if warranted.*

## **USAID/Egypt Did Not Require Adequate Documentation for Some Reimbursement Requests**

According to ADS 630, "Payables Management," Section 630.3.10.2, "Voucher Examiner Responsibilities," voucher examiners are required to review and process reimbursement requests submitted to USAID for payment. As part of the review process, the voucher examiner must verify that a valid obligation exists and that the supporting documentation provided is appropriate. In addition, ADS 630.2.f, "Certifying Officers," requires certifying officers to ensure the payment is legal and in accordance with the purpose of the appropriation. Further, ADS 596, "Management's Responsibility for Internal Control," provides guidelines on control activities that include properly executing transactions and events, recording transactions accurately and timely and appropriate documentation of transactions and internal controls. Accordingly, documents such as flight itineraries and travel authorizations are important travel documents that financial management officials can use to verify information.

USAID/Egypt processed 16 reimbursement requests for 15 employees that did not include adequate supporting documentation—specifically, a copy of the evacuee's flight itinerary or boarding passes and/or their travel authorizations. Although 13 of 16 reimbursement requests lacked a flight itinerary or boarding pass, this did not significantly impact the amount reimbursed for air travel. The flight itinerary or boarding pass provides verifying information on the evacuee's date of arrival to a safe haven, and the safe haven location that officials use, in part, as a start date for evacuation benefits to begin.

Four<sup>14</sup> USAID/Egypt employees did not include their travel authorizations with reimbursement requests as required. Financial management officials processed approximately 144 reimbursement requests, or about 3 requests per employee, during the 3 months that most employees were evacuated. In some instances, an employee may not have submitted a travel authorization with subsequent reimbursement requests.

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<sup>14</sup> Additionally, the "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances" (Report No. 6-263-12-001-P, dated December 13, 2011) identified nine exceptions.

According to the voucher examiners, although the employees did not include their flight itineraries, this information was obtained through e-mail correspondence. However, the examiners said that because they focused on processing the reimbursement requests accurately and in a timely manner, they inadvertently did not upload the documents into the mission's electronic filing system. In some cases, the voucher examiners did not require employees to submit travel authorizations after the first reimbursement request was processed and approved because the employees had submitted the authorization with prior reimbursement requests.

Although not a part of the official financial management review process at USAID/Egypt, the mission's Executive Office required all evacuated mission staff to submit their reimbursement requests to the Executive Office staff for review. According to the executive officer, this requirement was necessary since financial management staff and other mission staff members were not familiar with DoS regulations on evacuation entitlements. A financial management officer said that since the executive office administratively approved the reimbursement requests, the voucher examiners did not need to obtain the employees' flight itineraries.

The travel authorization validates that the payment is legal and in accordance with the purpose of the appropriation being charged for a certifying officer's review. Because the electronic filing system is the mission's filing depository for financial records, it is important that management maintain all financial documents and have them readily available for verification, authentication, and review. Accordingly, this audit makes the following recommendations.

***Recommendation 11.*** *We recommend that USAID/Egypt provide and document training to financial management employees regarding the appropriate supporting documents for financial transactions required to be retained in the mission's electronic filing depository.*

***Recommendation 12.*** *We recommend that USAID/Egypt develop a checklist of relevant documents that financial management employees can use to verify the completeness of a travel voucher package before processing employee reimbursements.*

## **USAID/Egypt Did Not Obtain Invoices for Intragovernmental Transactions**

Intragovernmental transactions are financial activities such as payments, collections, or adjustments for goods and services occurring within or between federal agencies. To help agencies account for and reconcile the financial transactions, the U.S. Department of the Treasury published the *Federal Intragovernmental Transactions Accounting Policies Guide*. Section 7, "Agencies' Responsibilities," outlines several activities for each agency involved in a financial transaction. One of the Agency's responsibilities is to document and support the information recorded in its accounting records related to intragovernmental transactions. In addition, ADS 596, "Management's Responsibility for Internal Control," provides guidelines on control activities that include proper execution of transactions and events, accurate and timely recording of transactions, and appropriate documentation of transactions and internal controls.

DoS was responsible for evacuating federal agency employees and dependents and private U.S. citizens during the unrest in Egypt. As a part of the costs incurred during the evacuation,

USAID was authorized to reimburse DoS for the air transport services to safe haven locations. As a result, USAID/Egypt incurred the costs as intragovernmental transactions valued at \$81,813. Although DoS provided services and billed the mission, USAID/Egypt did not obtain the vendor receipts or invoices as support documentation for nine intragovernmental transactions valued at \$24,658. To support the bills for these transactions, the mission provided a DoS report titled Regional Financial Management System – Disbursing, which contained a description of each charge, the amount, and the travel authorization number assigned by USAID/Egypt. However, a receipt showing the employee’s name and charges incurred for the service was not included in the supporting documents.

Moreover, because of errors valued at \$23,270 in an intragovernmental payment that DoS made on behalf of USAID/Egypt in May 2011, the mission requested additional supporting documents that included the vendor receipts. Although the USAID/Egypt Executive Office had provided DoS with a list of employee names and the obligation numbers, DoS mistakenly placed several employees’ charges on a single travel authorization. After the mission reviewed the vendor receipts that included the employee’s name and service costs, USAID/Egypt allocated \$17,710 of the \$23,270 to nine different travel authorizations. However, the mission did not obtain a vendor receipt for the remaining \$5,559 in charges incurred on behalf of USAID/Egypt.

According to USAID/Egypt’s chief accountant, the mission is not required to obtain or maintain supporting documentation for these transactions except to recognize which obligation to charge. Further, according to the chief accountant, the mission usually asks for additional supporting documentation when the amount charged to a travel authorization exceeds the amount obligated for the travel authorization in the mission’s accounting system.

USAID/Egypt is an independent organization with a responsibility to get and maintain sufficient documentation to support all financial transactions. A mission’s due diligence in reviewing and researching questionable data, which results in correcting entries, illustrates the importance of obtaining sufficient documentation for all financial transactions. Financial officials have a fiduciary responsibility to U.S. taxpayers to account for government funds. Consequently, this audit makes the following recommendation.

***Recommendation 13.*** *We recommend that USAID/Egypt revise and implement its intragovernmental transactions recording procedures to require financial management employees to obtain, review, and maintain supporting documentation for all intragovernmental transactions.*

## **USAID/Egypt Employee Used the U.S. Military Postal Service Inappropriately**

DSSR 631, “Travel Expense Allowances,” gives evacuees an air freight allowance, referred to as unaccompanied air baggage (UAB), when traveling between assigned posts. Evacuees are permitted an air freight allowance starting at 250 pounds with additional weight permitted based on the evacuee’s family size. Accordingly, 14 Foreign Affairs Manual 742.4-1.c and 14 Foreign Affairs Manual 751.3.b state that an employee (or anyone acting on employee’s behalf) may not use a Military Postal Service or the diplomatic post office to ship any UAB to a post abroad. Rather, UAB should be transported using contracted commercial shipping companies. Moreover, although ADS 522.5.2, “Travel Authorizations,” does not have specific language regarding the use of the Military Postal Services, in Section 7 of USAID’s Request and

Authorization of Official Travel (Travel Authorization Form), document number AID 5-8, a section exists to document an itinerary, the purpose of travel, any authorizations, and special notes.

Despite the prohibition on the use of the Military Postal Service for UAB, one senior mission employee claimed and was paid \$47 for shipping costs incurred when mailing items from another USAID mission to USAID/Egypt in lieu of appropriately shipping the UAB using an authorized shipper. Inappropriate use of the Military Postal Service for shipping UAB was noted also in another audit, and USAID/Egypt paid the shipping costs claimed by the employee.<sup>15</sup> Although payment of the \$47 claim was not authorized, USAID officials justified this cost by noting that the Military Postal Service was used because it saved the mission money.

The use of the Military Postal Service by USAID personnel is a privilege and not a right. It is USAID/Egypt's responsibility to ensure that its employees do not abuse their Military Postal Service privileges and use them in a way that is consistent with the established policies and agreements. Accordingly, this audit makes the following recommendation.

***Recommendation 14.*** We recommend that USAID/Egypt include guidance regarding the prohibited use of the U.S. Military Postal Service for unaccompanied baggage in Section 7 of the AID 5-8 Travel Authorization Form, when warranted.

## **USAID/Egypt Did Not Ensure Timely Submission of Reimbursement Requests**

Several USAID regulations address travel and related expenses. ADS 522.5.2, "Travel Authorizations," requires an employee to submit a reimbursement request within 5 business days after completing travel. ADS 633.3.5, "Travel Voucher Processing Requirements," requires employees to submit a reimbursement request within 5 business days after completing travel when travelers arrive at their post or every 30 calendar days during extended travel. Section 7 of USAID's Request and Authorization of Official Travel, document number AID 5-8, includes a section for special notes, providing the basis for specific travel entitlements and requirements that USAID officials can use.

On some travel authorizations,<sup>16</sup> USAID/Egypt's Executive Office requires travelers to submit a reimbursement request within 5 business days following travel completion. However, more than 4 months after the evacuation was lifted on April 29, 2011, two USAID/Egypt office directors had not submitted reimbursement requests for expenses incurred by their dependents during the last 30 days of the evacuation. In both cases, the employees returned to post before the end of the evacuation, and their dependents remained at designated safe havens until DoS lifted the evacuation. One employee received an advance of \$3,156 in May 2011, as discussed on page 9 of this report. However, the employee did not complete and provide a reimbursement request to the OFM for processing until September 2011, during this audit.

Both employees said they had not submitted their reimbursement requests to the OFM within 5

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<sup>15</sup> USAID/Egypt paid an employee \$207 for Military Postal Service shipping costs as documented in USAID/Egypt's FY 2011 GMRA audit. In response to the GMRA audit, USAID/Egypt indicated that a notice of collection would be issued to the employee.

<sup>16</sup> These include authorizations for rest and recuperation and home leave.

days after their dependents' travel was completed because of other workload demands or a personal oversight. Through their regular review of unliquidated advances, USAID/Egypt financial management officials noticed that the employee who received the advance had not submitted a reimbursement request and asked that employee to do so. However, they did not follow up on the second outstanding reimbursement request until responding to the audit's inquiries. OFM officials did not respond to requests for information on what steps they have taken to ensure evacuation reimbursement requests are submitted on time.

To ensure unspent travel funds can be reallocated to other mission priorities, USAID/Egypt must ensure that its employees submit reimbursement requests in a timely manner. When a request is needed to liquidate a travel advance, timely submissions become more important so that the mission can accurately account for its funds and use limited financial resources properly. Accordingly, this audit makes the following recommendations.

***Recommendation 15.*** *We recommend that USAID/Egypt periodically remind all travelers that they must file a travel voucher within 5 business days of completion of travel or every 30 calendar days during extended travel.*

***Recommendation 16.*** *We recommend that USAID/Egypt include the requirement to submit a travel reimbursement request within 5 business days after travel completion in Section 7 of the AID 5-8 Travel Authorization Form to remind employees of their financial management responsibilities.*

# EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Egypt officials agreed with eight recommendations, partially agreed with one, and disagreed with the remaining seven. On the basis of our evaluation of USAID/Egypt's management comments, management decisions have been reached on Recommendations 2, 4, 5, 6, 11, 12, and 15. No management decisions have been reached on Recommendations 1, 3, 7, 8, 9, 10, 13, 14, and 16. In addition, USAID/Egypt took final action on Recommendations 2, 5, and 15.

**Recommendation 1.** USAID/Egypt did not make a management decision to develop any management controls to ensure employee and dependent data is updated with changes communicated to the appropriate Embassy personnel. Although mission officials agreed that the information was critical, they did not agree to implement any internal control activities to update or verify personnel and dependent data more frequently than quarterly or in response to U. S. Embassy Cairo requests. Therefore, no management decision has been reached on this recommendation.

**Recommendation 2.** USAID/Egypt agreed to undertake an after-action review to identify administrative, financial management, program, procurement, and some technical support needed to operate during an ordered departure by April 30, 2012. After submitting its comments on January 16, USAID/Egypt took corrective action. Consequently, final action has been taken on this recommendation.

**Recommendation 3.** Mission officials agreed to determine the allowability of questioned costs valued at \$4,175 and nonpayment of \$1,111 that officials will need to recover from or remit to employees by April 30, 2012. However, until USAID/Egypt identifies the amounts to be recovered or remitted, a management decision has not been reached on this recommendation.

**Recommendation 4.** USAID/Egypt plans to conduct training on evacuation benefits by April 30, 2012. Accordingly, a management decision has been reached on this recommendation.

**Recommendation 5.** Mission officials formed a review board to analyze the employee's work and to determine the allowability of payments made for 88 hours of regular duty claimed after the evacuation and before the employee separated from USAID. After receiving the review board's analysis, USAID/Egypt decided not to collect overpayments from the former employee. Based on RIG/Cairo's review of documents provided to show that the employee performed work during this period, final action has been taken on this recommendation.

**Recommendation 6.** USAID/Egypt agreed to update its internal accounts payable procedures to clarify that any deviation from the governing regulation can be made based only on the procedures contained in the regulation or other relevant guidance by April 30, 2012. Accordingly, a management decision has been reached on the recommendation.

**Recommendation 7.** USAID/Egypt partially agreed to document advances available to U. S. direct-hire staff during evacuations in the mission's procedures on financial management advances and accounts payable. The mission plans to update its accounts payable procedures

to refer to the applicable Federal Travel Regulation on travel advances. However, USAID/Egypt did not indicate plans to incorporate in its procedures the requirements of DSSR 615 and 617, governing advances to U.S. direct-hire employees during an evacuation. Accordingly, a management decision has not been reached on this recommendation.

**Recommendation 8.** USAID/Egypt did not agree to include in Section 7 of the AID 5-8 travel authorization form the requirement for the use of government-sponsored travel cards. While officials acknowledged the importance of reminding mission staff to use the cards, officials did not agree with the specific recommendation. Instead, officials plan to issue a summary after-action review as a mission notice that will include this issue. While such a notice can remind current staff of the requirement, it may not work since USAID's mobile workforce frequently transfers in and out of missions worldwide and may require a more permanent reminder.

Section 7 of the AID 5-8 travel authorization takes on increased significance during an evacuation. While in an evacuation status, it is not unusual for employees to focus on their fundamental physiological and security needs and those of their family members. Including USAID financial management requirements on the use of the government-sponsored travel card on the evacuation travel authorization would help eliminate confusion about its required use for travel expenses. Consequently, a management decision has not been reached on this recommendation.

**Recommendation 9.** USAID/Egypt did not agree to issue a reminder to all employees about the possible penalties for not using the government-sponsored travel card because officials believe that the application of any rules or penalties related to the nonuse of the card is outside their authority. Unlike some other federal agencies, USAID's regulation on travel card use is silent on any penalties for nonuse. However, it is well within the authority of USAID/Egypt officials to, at a minimum, publicize the range of disciplinary actions available to supervisors to correct unacceptable conduct; actions range from oral admonishment or discussions about the expected use of the card to more severe actions such as suspension or separation for cause. RIG/Cairo believes that publicizing the possible penalties for not following the guidelines would decrease the possibility that employees would ignore the rules. Consequently, a management decision has not been reached on this recommendation.

**Recommendation 10.** USAID/Egypt did not agree to determine the type of offense constituted by the nonuse of the government-sponsored travel card, administer the appropriate penalty, and document it in the appropriate mission personnel file, as warranted. USAID/Egypt supervisors may initiate disciplinary action, when warranted, against all employees regardless of their classification system—Foreign Service or other. Moreover mission supervisors also have the authority to admonish a Foreign Service employee orally as a disciplinary action. Disciplinary actions should be consistent and equitable for comparable actions in comparable cases based on the severity and recurring nature of an infraction. RIG/Cairo would expect that any disciplinary action other than oral admonition would be in consultation and agreement with cognizant USAID officials responsible for human resources or employee and labor relations oversight. Consequently, a management decision has not been reached on this recommendation.

**Recommendation 11.** USAID/Egypt, which is implementing a paperless payment process, agreed to train its financial management employees in maintaining electronic records to support financial transactions by April 30, 2012. Officials expect that the mission will be able to retain entire voucher packages in its electronic filing depository. Therefore, a management decision has been reached on this recommendation.

**Recommendation 12.** USAID/Egypt agreed to develop a checklist of relevant documents that financial management employees can use to verify the completeness of a travel voucher package before processing employee reimbursements. Financial management officials plan to update the mission's internal payment procedures so that voucher examiners confirm that a valid obligation exists before submitting a travel voucher to a certifying officer. Consequently, a management decision has been reached on the recommendation.

**Recommendation 13.** Mission officials did not agree to revise and implement its intragovernmental transactions recording procedures to require financial management staff to obtain, review, and maintain supporting documentation for this transaction type. Although mission officials solicited feedback on a proposed solution from the Office of the Chief Financial Officer, they did not receive a response. Consequently, a management decision has not been made.

**Recommendation 14.** USAID/Egypt did not agree to include guidance in Section 7 of the AID 5-8 Travel Authorization Form prohibiting use of the U. S. Military Postal Service for unaccompanied baggage. Although mission officials agreed with the finding, they disagreed with the specific remedy included in the recommendation. The mission plans to publish a mission notice on the matter and to reissue the notice in the event of any future evacuation. Officials said it is inappropriate and redundant to emphasize some regulations in a travel authorization while ignoring others. However, this audit demonstrates that an employee did not abide by policy, procedures, and rules documented elsewhere in voluminous regulations and guidance. Therefore, a management decision has not been reached on the recommendation.

**Recommendation 15.** USAID/Egypt agreed to remind travelers that they must file a travel voucher within 5 business days of completing travel or every 30 calendar days during extended travel. After submitting management comments on January 16, USAID/Egypt took corrective action. Accordingly, final action has been taken on this recommendation.

**Recommendation 16.** USAID/Egypt did not agree to include in Section 7 of the AID 5-8 Travel Authorization Form the requirement to submit a travel reimbursement request within 5 business days after travel completion. Although they recognize the importance of reminding employees that vouchers should be submitted as soon as practical, and within 5 days after travel, mission officials disagreed with the specific remedy included in the recommendation. To address this recommendation, the mission plans to issue a summary after-action review as a mission notice that will cover this requirement. RIG/Cairo believes, however, that including this financial responsibility in Section 7 of the Travel Authorization Form will ensure that unspent travel funds are reallocated to other mission priorities. Therefore, a management decision has not been reached on the recommendation.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Cairo (RIG/Cairo) conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. RIG/Cairo believes that the evidence obtained provides that reasonable basis.

The audit objectives were to determine whether USAID/Egypt has plans and procedures to prepare for emergencies and whether USAID/Egypt paid allowable, reasonable evacuation benefits. RIG/Cairo added this audit to its FY 2011 audit plan after identifying anomalies with some reimbursement claims during USAID/Egypt's FY 2011 GMRA audit and the "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances." This audit used the planning work conducted under the GMRA audit. As part of that, the audit team obtained an understanding of management internal controls over disbursements; assessed and tested the operating effectiveness of controls over disbursements; and reviewed the mission's FY 2011 Federal Managers' Financial Integrity Act assessment. For this audit, we assessed whether the mission's plans and procedures to ensure the continuity of operations in the event of an emergency complied with applicable regulations. Moreover, the audit team reviewed documentation for reimbursement requests to validate that the mission calculated and paid evacuation benefits in accordance with the DSSR, Chapter 600, "Payments During an Ordered/Authorized Departure," and to test the effectiveness of management's internal controls over these payments. These control activities include (1) reviews by management, (2) controls over the processing of information, (3) proper execution of transactions and events, (4) accurate and timely recording of transactions, and (5) appropriate documentation.

The audit team conducted fieldwork at USAID/Egypt in Cairo from September 6, 2011, to November 3, 2011. During that time, we reviewed the mission's inventory of plans and procedures to ensure continuity of operations and tested evacuation benefit payments disbursed from January 30 to June 30, 2011. As of June 30, 2011, USAID/Egypt's OFM had processed 171 evacuation payments totaling approximately \$962,400.<sup>17</sup> The audit team tested 144 evacuation payment transactions valued at \$622,989 that were processed and paid directly to an employee or through intragovernmental transactions to DoS. This total includes three evacuation benefit payments totaling \$44,121 that were reviewed under the "Audit of Selected Payments by USAID/Egypt for Evacuation Travel and Related Allowances," which tested 30 evacuation payments valued at \$386,485.

## Methodology

To answer the audit objectives, the audit team interviewed employees from USAID/Egypt's OFM and Executive Office, assessed the mission's emergency plans and procedures against applicable regulations, and reviewed reimbursement requests and supporting documents stored on the mission's electronic documentation filing system. The team also obtained an

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<sup>17</sup> In addition, USAID/Egypt processed 52 reimbursement requests and paid \$222,600 in evacuation benefits to RIG/Cairo staff. This amount was excluded from the audit.

understanding of several applicable regulations and USAID policies and procedures. Specifically, the audit team reviewed the following regulations and policies:

DoS Cable 009570 – “Upgrade from Authorized to Ordered Departure from Post”

DoS Cable 040818 – “Return of Evacuees to Post”

DSSR, Chapter 600, “Payments During an Ordered/Authorized Departure”

USAID/Egypt’s accounts payable and advances procedures

USAID ADS, Chapter 596, “Management’s Responsibility for Internal Control”

USAID ADS, Chapter 630, “Payables Management”

USAID ADS, Chapter 633, “Financial Management Aspects of Temporary Duty (TDY) Travel”

U.S. Department of Treasury, *Federal Intragovernmental Transactions Accounting Policies Guide*

DoS Foreign Affairs Manual, Volume 14, *Logistics Management*

To determine whether the mission had plans and procedures in place to ensure continuity of operations in the event of an emergency, we assessed whether the mission’s policies and procedures complied with several regulations. These regulations and policies included the Federal Continuity Directive 1, “Federal Executive Branch National Continuity Program and Requirements,” published by the Department of Homeland Security, February 2008; Federal Preparedness Circular 65, published by the Department of Homeland Security, June 2004; ADS Chapter 530, “Emergency Planning Overseas,” and ADS Chapter 106, “Delegation of Authority and Orders of Succession During a National Security Emergency.”

To assess the allowability and reasonableness of the reimbursement requests, RIG/Cairo examined supporting documentation to verify that a valid travel authorization existed, supporting receipts were submitted with the reimbursement requests, requests were properly calculated and approved by the authorized mission officials, and benefits paid were calculated in accordance with appropriate regulatory guidelines.

# MANAGEMENT COMMENTS



16 January 2012

## Memorandum

**To:** Jacqueline Bell, RIG/Cairo

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

**Subject:** Management Comments to RIG/Cairo Audit of USAID/Egypt's Emergency Preparedness and Evacuation Travel Payments

I appreciate the Regional Inspector General's (RIG) review of the 2011 Egypt evacuation. The evacuation was a disruptive event. Management is pleased that no material weaknesses have been identified in this report or the two prior RIG reports on the evacuation. The RIG reports have been useful. In the event that another evacuation occurs the Mission will be better prepared.

We agree that many of the issues identified in this and prior reports are important. Management does not agree with many of the specific solutions put forward in the proposed recommendations. In those instances, we have identified alternate courses of action that would lead to the same substantive result.

In addition, the Mission believes that several of the audit recommendations are more appropriately addressed at the Agency level rather than at a Mission level. Many of the recommendations address issues related to a lack of clarity in relevant regulations or are related to Agency wide policies or practices. It would be inappropriate for a Mission to issue rules setting procedures on such matters. Consequently, the Mission believes that such recommendations should be directed to the Agency level and not to the operating unit level.

Again, thank you for the care your office has given these issues. I look forward to working with you as we achieve final actions on the issues within our management control.

**Attached are the management comments related to the RIG/Cairo's recommendations and suggestions.**

**1. Develop and implement an internal control to update consolidated personally identifiable information for employees and dependents as needed, and submit to the appropriate embassy personnel.**

Management agrees that maintaining accurate and current records of employee and dependent data is critical, however Management does not concur with this recommendation because the Department of State has already established a system for maintenance of such data for all agencies in an Embassy environment, and USAID regularly supplies its data to the Embassy compliant with that system's protocols.

The U.S. Embassy Egypt's Human Resources Officer (Embassy HRO), responsible for this personnel and dependent database for post, describes the system in place and USAID's role in it as follows: *"The Embassy retains all mission data, including USAID data, in the WEBPASS/Post Personnel system. There are frequent ad hoc data calls for information regarding contractors and TDY personnel, which is also kept by the Embassy management section since these personnel are not entered into the post personnel system. USAID responds immediately to the data calls.*

*I should mention that the Post Personnel system feeds directly into the Emergency Management System, which provides the database we use when we are preparing for evacuation. This system takes only seconds to provide us with all of the information we need. In fact, there is a "Pre-Evacuation" database that is already completed and is fed by Post Personnel, so that changes are reflected instantly."*

As affirmed by the Embassy HRO, USAID follows the established protocols for quarterly update of such personnel and dependent data in the State Department WebPASS Post Personnel system, and responds to ad hoc data calls by the Embassy. As those data calls are ad hoc, there can, by definition, be no systematized formula for responding to them, other than the established good practice for USAID to keep good internal records from which to draw data for the ad hoc reports. As such, Management concludes that the development of additional internal controls for provision of personal data to the Department of State would be redundant.

Based on the above, Management believes a decision has been reached on this audit recommendation. No further actions are to be made; therefore USAID/Egypt requests closure of Audit Recommendation Number One upon report issuance.

**2. Identify and document essential functions and activities, and the minimum resources needed to perform critical operations in an emergency**

Management concurs with Audit Recommendation Two. In the course of the last six months, USAID/Egypt has conducted a series of meetings, phone calls and other discussions regarding the 2011 evacuation with relevant USAID and Embassy staff, collectively constituting an after action review. This after action review resulted in a document summarizing some of the of lessons learned, as well as a listing of the essential functions and activities beyond what is already included in the U.S. Mission-wide Emergency Action Plan (summary after action review).

Drawdown levels are contemplated in the Emergency Action Plan (EAP), which is the document guiding the U.S. Mission response to various types of emergencies. USAID implements several practices which support or augment the Emergency Action Plan.

As part of USAID/Egypt's normal management control process, the after action review was conducted. This review was intended to look to lessons learned from the evacuation, including some matters noted herein as recommendations or findings, and to use those lessons to document common issues that could arise in the context of an evacuation. It is expected that the summary action review document will be circulated to the USAID/Egypt Mission as a Mission Notice. In addition, it is anticipated that, should another evacuation occur, this Notice would then be provided to evacuees as supplementary information, along with the relevant cables outlining the parameters of any such evacuation.

In summary, on this specific issue, USAID's summary after action review will note that it can generally be expected that USAID's emergency response in an ordered departure situation will require a Director, with support in administration, financial management, program, and procurement as well as some mix of technical, program support and supervisory oversight. Beyond that general framework, Management will maintain discretion to assess conditions flexibly, and form the emergency team best suited to respond to the emergency situation triggering the evacuation.

In addition to the summary after action review which will describe anticipated staffing and resource needs, USAID/Egypt maintains a business continuity plan which pertains to continuity of IT and FM operations in the event of an emergency or disaster, as well as a plan related to FM operations that ensures continuity of operations in any emergency.

Based on the above, Management believes a management decision has been reached on Audit Recommendation Number Two and will request closure of this recommendation upon final issuance of the summary after action review document by 30 April 2012.

**3. Determine the allowability of questioned costs valued at \$4,175 and under-payment of \$1,111, and remit to or recover from the employee amounts as deemed appropriate.**

Management concurs and will review the vouchers in question and remit or recover any amounts as required. A final management decision will be made on or before 30 April 2012.

**4. Provide and document training to financial management employees about regulations governing evacuation entitlements.**

Management concurs with this recommendation. As part of its on-going professional development program for its accounts payable team the Office of Financial Management has developed a training program that covers relevant topics including evacuation benefits. This in-house training on evacuation benefits is currently scheduled to occur during the third quarter of fiscal year 2012.

Therefore, Management believes a management decision has been reached on Audit Recommendation Number Four and will request closure of this recommendation upon completion of this training course by 30 April 2012.

**5. Review and document the work produced by the employee for the 88 hours of regular duty claimed, determine the allowability of payments made, and collect any overpayments.**

As part of this audit response, a review board was convened of the USAID EXO, FM and RLA to review the documented work of the employee and determine the allowability of payments made during the 88 hours of regular duty claimed. Regulations in the ADS stipulate that an employee is obligated to apply for telework. As part of this review, the review board requested additional records of the employee to better understand why no telework approval was in place. The employee clarified that on all work days not in a leave status (including administrative leave) she was present in Washington DC performing her work functions. As such, applying for telework approval was not required. Upon further review of email correspondence and the input of other staff, the review board found that the employee used the time in question: a) to respond with valuable and substantive input on an on-call basis for information requests from the Mission in Egypt and the evacuation group in Washington, b) to prepare administrative arrangements for her check out from post which had been interrupted during the evacuation, and c) on approved admin leave authorized by the Mission Director.

While some productivity was inevitably lost, that may be expected given the nature of an evacuation and the separation and check-out process. The review board concluded that it would not be warranted to collect overpayments from this former employee relevant to her service during this period (see attached board memorandum).

Therefore, Management believes a decision has been reached on Audit Recommendation Number Five and no further actions are to be taken. Management requests closure of this recommendation.

**6. Develop, document, and implement mission's procedures for obtaining appropriate approvals for any deviations from U.S. Federal regulations regarding advances for evacuation travel.**

Management concurs to update its internal accounts payable procedures to clarify that all payments should follow the governing regulations for the relevant payment type during an evacuation. Further, although in the context of the evacuation no deviation was made, the procedures will further clarify that any deviation from the governing regulation can only be made based on the procedures contained in those governing regulations or other relevant guidance.

Based on the above, Management believes that a decision has been reached on Audit Recommendation Number Six and will request closure of this recommendation upon updating the internal procedures by 30 April 2012.

**7. Document the availability of advances for U.S. direct hire staff during evacuations in the mission's procedures on financial management advances and accounts payable.**

Management partially concurs with recommendation seven. Management agrees that well written policies enhance both Agency and individual performance. Existing ADS, Federal Travel Regulation, Depart of State Standardized Regulations and Mission standards address the issue of advances, all of which were applied in this case. The basis for formulating additional limitations, beyond existing federal and Agency policies is not clear. The Mission does not

normally provide USDH with travel or salary advances. In exceptional circumstances, FTR 301-51.200 allows for travel advances for USDH in cases where financial hardship would be incurred. In addition to FTR travel advances, DSSR 615 allows for salary advances in the specific case of evacuations. The Mission did not provide any DSSR 615 salary advances. In order to clarify the application of these various policies in the context of an evacuation Management will update its accounts payable procedures to refer to FTR 301 guidance on travel advances.

Therefore, Management believes that a decision has been reached on Audit Recommendation Number Seven and will request closure of this recommendation upon updating the internal procedures by 30 April 2012.

**8. Include the requirement for the use of the government-sponsored travel card in Section 7 of the AID 5-8 Travel Authorization Form to remind employees of their financial management responsibilities.**

Management takes note of the Audit's findings on underutilization of the Government Sponsored Travel Card (GSTC) by employees on evacuation status during the chaotic and trying circumstances of the evacuation.

USAID/Egypt recognizes the importance of reminding Mission staff of use of the GSTC, however it does not concur with the specific remedy included in the recommendation. Management believes that publication of a Mission Notice of the summary after action review (described in Management's comment to Audit Recommendation Number Two of this report), and circulation of that Notice again in the event of any future evacuation, is a more effective and efficient way of reaching the same outcome.

A travel authorization is an affirmative statement giving details on the purpose, itinerary and special details of a traveler's departure from the duty station on official travel. Employees are aware that they are expected to abide by applicable regulation and law in conducting their travel, such as the DSSR, the FTR and the ADS, including the ADS rules related to use of the travel card. Management has determined that it would be inappropriate and redundant to unduly emphasize a small selection of specific rules and regulations in the travel authorizations, while ignoring others that are equally important.

As such, Management has determined that a Mission Notice will better draw attention to this and other important issues, and will more effectively serve as a reminder to Mission Staff.

Therefore a management decision has been reached and final action will occur with the release of the summary after action review Mission Notice by 30 April 2012.

**9. Issue a written reminder to all employees about the possible penalties for not following the guidelines requiring the use of the government-sponsored travel card.**

Management recognizes the importance of reminding staff of the requirement to use the Government Sponsored Travel Card (GSTC). As previously stated in responses to the two prior evacuation audit reports, a Mission Notice was issued on 18 August 2011 to remind employees to use their GSTC. In addition, the summary after action review described in Management's comments to Audit Recommendation Number Two of this report will note this issue as well.

However, matters regarding penalties included in this recommendation fall outside the scope of Mission responsibility and authority. The Office of the CFO is responsible for administration of the GSTC. The application of any rules, or penalties, related to the GSTC are their responsibility and at their discretion. Currently there is no rule specifically related to non-use of the GSTC. Although, pursuant to 3 FAM 4300, a Foreign Service Officer may be admonished for "Violation of any administrative regulations which do not provide a penalty," which could theoretically include failure to use the GSTC, to Management's knowledge an admonishment by USAID under this provision has not been applied in such instances. The Office of the CFO has been made aware of this recommendation.

In addition, it is outside of the authority of the USAID/Egypt Mission to take disciplinary action related to Foreign Service personnel. Foreign Service Disciplinary actions are regulated by ADS 485, which refers to 3 FAM 4300. ADS 485 makes clear that only the Deputy Assistant Administrator for Human Resources, Office of the Director, is responsible for serving as the deciding officer on matters related to discipline of foreign service officers.

A final determination is beyond USAID/Egypt's management control. USAID/Egypt will write the OCFO and HR/Washington to inform them of RIG/Cairo's recommendation regarding GSTC penalties by 30 April 2012.

**10. Determine the type of offense, administer the appropriate penalty, and document in the appropriate mission or personnel file, if warranted.**

Management recognizes the importance of reminding staff of the requirement to use the Government Sponsored Travel Card (GSTC). As previously stated in responses to the two prior evacuation audit reports, a Mission Notice was issued on 18 August 2011 to remind employees to use their GSTC. In addition, the summary after action review described in Management's comments to Audit Recommendation Number Two of this report will note this issue.

However, matters regarding penalties included in this recommendation fall outside the scope of Mission responsibility and authority. The Office of the CFO is responsible for administration of the GSTC. The application of any rules, or penalties, related to the GSTC are also their responsibility and at their discretion. Currently there is no rule specifically related to non-use of the GSTC. Although, pursuant to 3 FAM 4300, a Foreign Service Officer may be admonished for "Violation of any administrative regulations which do not provide a penalty," which could theoretically include failure to use the GSTC, to Management's knowledge an admonishment by USAID under this provision has not been applied in such instances. The Office of the CFO has been made aware of this recommendation.

In addition, it is outside of the authority of the USAID/Egypt Mission to take disciplinary action related to Foreign Service personnel. Foreign Service Disciplinary actions are regulated by ADS 485, which refers to 3 FAM 4300. ADS 485 makes clear that only the Deputy Assistant Administrator for Human Resources, Office of the Director, is responsible for serving as the deciding officer on matters related to discipline of foreign service officers.

A final determination is beyond USAID/Egypt's management control. USAID/Egypt will write the OCFO and HR/Washington to inform them of RIG/Cairo's recommendation regarding GSTC penalties by 30 April 2012.

**11. Provide and document training to financial management employees regarding the appropriate supporting documents for financial transactions required to be retained in**

**the mission's electronic filing depository.**

Management concurs. During the second quarter of fiscal year 2012 USAID/Cairo will move to a paperless payment workflow process in its electronic filing system, ASIST, to facilitate the payment process. A result of this paperless workflow will be that the entire voucher package will be in ASIST. As the transition to the paperless process occurs training will be provided to financial management employees.

Therefore, Management believes a decision has been reached on Audit Recommendation Number Eleven and will request closure of this recommendation upon completion of this training course by 30 April 2012.

**12. Develop a checklist of relevant documents that financial management employees can use to verify the completeness of a travel voucher package before processing employee reimbursements.**

Management concurs. The Office of Financial Management will update its internal payment procedures' voucher examiner checklist to ensure that the voucher examiner confirms that a valid obligation exists before a travel voucher is submitted to a certifying officer.

Therefore, Management believes a decision has been reached on Audit Recommendation Number Twelve and will request closure of this recommendation once the internal procedures are updated by 30 April 2012.

**13. Revise and implement its intra-governmental transactions recording procedures to require the financial management employees to obtain, review and maintain supporting documentation for all intra-governmental transactions.**

Processing of intra-governmental transactions is necessarily a complex activity as multiple agencies, offices, financial systems and employees are involved. It is important that a standard solution be created at the agency level for this IPAC issue raised by RIG/Cairo. Due to this fact, USAID/Cairo has referred this issue to the Office of the Chief Financial Officer for their consideration. USAID/Egypt staff have discussed this issue with OCFO staff multiple times since the evacuation occurred and has proposed a solution in an email dated 28 December 2011 (attached). A final determination is beyond USAID/Egypt's management control.

Therefore USAID/Egypt requests that RIG/Cairo close Audit Recommendation Number Thirteen, based on our formal request to the OCFO to make a determination.

**14. Include guidance regarding the prohibited use of the United States' military postal service for unaccompanied baggage in Section 7 of the AID 5-8 Travel Authorization Form, when warranted.**

USAID/Egypt recognizes the importance of reminding Mission staff of prohibitions regarding use of the military postal service for shipment of UAB, however does not concur with the specific remedy included in the recommendation. Management believes that publication of a Mission Notice which includes the summary after action review (described in Management's comments to Audit Recommendation Number Two of this report) which notes this issue, and circulation of

that notice again in the event of any future evacuation, is a more effective and efficient way of reaching the same outcome.

A travel authorization is an affirmative statement giving details on the purpose, itinerary and special details of a traveler's departure from the duty station on official travel. Employees are aware that they are expected to abide by applicable regulation and law in conducting their travel, such as the DSSR, the FTR and the ADS, including the FAM rules related to proper use of the military postal service. Management has determined that it would be inappropriate and redundant to unduly emphasize a small selection of specific rules and regulations in the travel authorizations, while ignoring others that are equally important. As such, Management has determined that a Mission Notice will better draw attention to this and other important issues, and will more effectively serve as a reminder to mission staff.

Therefore, Management believes a decision has been reached on Audit Recommendation Number Fourteen and will request closure of this recommendation upon issuance of the summary after action review Mission Notice by 30 April 2012.

**15. Periodically remind all travelers that they must file a travel voucher within five business days of completion of travel or every 30 calendar days during extended travel.**

Management concurs with this recommendation as it relates to evacuation travel. Therefore, in its summary after action review (described in Management's comments to Audit Recommendation Number Two of this report) reminding mission staff of various relevant rules in the context of an evacuation, Management will include a reminder of the general rule that vouchers should be submitted as soon as practical, and within five days after travel. This summary after action review will be issued as a Mission Notice and again in the event of any future evacuation.

Therefore, Management believes a decision has been reached on Audit Recommendation Number Fifteen and will request closure of this recommendation upon issuance of the summary after action review Mission Notice by 30 April 2012.

**16. Include the requirement to submit travel reimbursement requests within five business days after travel completion in Section 7 of the AID 5-8 Travel Authorization Form to remind employees of their financial management responsibilities.**

USAID/Egypt recognizes the importance of reminding Mission staff that vouchers should be submitted as soon as practical, and within five days after travel, however it does not concur with the specific remedy included in the recommendation. Management believes that publication of a Mission Notice of a summary after action review (described in Management's comments to Audit Recommendation Number Two of this report) which notes this issue, and circulation of that Notice again in the event of any future evacuation, is a more effective and efficient way of reaching the same outcome.

A travel authorization is an affirmative statement giving details on the purpose, itinerary and special details of a traveler's departure from the duty station on official travel. Employees are aware that they are expected to abide by applicable regulation and law in conducting their travel, such as the DSSR, the FTR and the ADS. Management has determined that it would be inappropriate and redundant to unduly emphasize a small selection of specific rules and

regulations in the travel authorizations, while ignoring others that are equally important. As such, Management has determined that a Mission Notice will better draw attention to this and other important issues, and will more effectively serve as a reminder to Mission Staff.

Therefore, Management believes a decision has been reached on Audit Recommendation Number Sixteen and will request closure of this recommendation upon issuance of the summary after action review Mission Notice by 30 April 2012.

## Some Allowances Available for Evacuated Employees

According to DSSR, Chapter 600, "Payments During an Ordered/Authorized Departure," types of authorized allowances and evacuation benefits include the following:

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

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

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

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

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

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

The daily per diem amounts allowed for days 1 through 30 following arrival at the safe haven location are up to 100 percent (or up to 150 percent for special family compositions) of the commercial lodging portion of the safe haven per diem rate (receipt required). An employee is eligible for special family composition reimbursement rate under any of the following situations: (a) First evacuee plus one, two or three (non-spouse or non-domestic partner) family members, age 18 or older of any gender or age 12 older of the opposite gender and (b) First evacuee plus four or more family members. For noncommercial lodging, the evacuee is reimbursed at 10 percent of the commercial rate only for the first 30 days. In addition, a flat amount (no receipts required) equal to 100 percent of the M&IE portion of the safe haven per diem rate is allowed for the first evacuee. For each additional evacuee older than 18, allowances include a flat amount equal to 100 percent of the M&IE portion of the

safe haven per diem rate; for each additional evacuee younger than 18, allowances include a flat amount equal to 50 percent of the M&IE portion.

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

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

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