

POSTAL REGULATORY COMMISSION

OFFICE OF INSPECTOR GENERAL



FINAL AUDIT REPORT

PRC TRAVEL EXPENSES

June 11, 2014

Table of Contents

INTRODUCTION.....	1
Background	1
Objectives, Scope and Methodology	2
Prior Audit Coverage	3
RESULTS	4
Compliance with Travel Policy	4
<i>Recommendations 1-3</i>	5
Management’s Comments	5
Evaluation of Management’s Comments.....	5
PRC Travel Approvals.....	5
<i>Recommendations 4-5</i>	6
Management’s Comments	6
Evaluation of Management’s Comments.....	6
GSA Lodging Rates	7
<i>Recommendations 6-7</i>	7
Management’s Comments	7
Evaluation of Management’s Comments.....	8
Government Per Diem Rates	8
<i>Recommendations 8-9</i>	9
Management’s Comments	9
Evaluation of Management’s Comments.....	9
Monitoring Travel Card Activities.....	10
<i>Recommendation 10</i>	10
Management’s Comments	10
Evaluation of Management’s Comments.....	10
Cancelling Travel Cards for Commissioners.....	10
APPENDIX A: MANAGEMENT’S RESPONSE	12

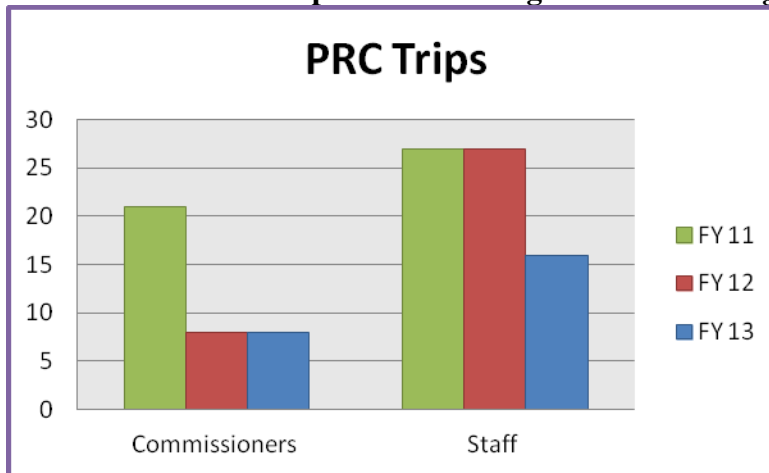
Introduction

Background

This report represents the results of a self-initiated audit of the Postal Regulatory Commission (PRC) travel expenses paid from October 1, 2010 through September 30, 2013. The PRC consists of 71 staff members including one Chairman, four Commissioners, and various professional and administrative staff. The PRC travelers incurred \$283,205 in travel expenses for 107 trips: 37 Commissioners trips and 70 staff trips.¹

As shown in Table 1, PRC Commissioners trips decreased 62% and PRC staff trips decreased 41% from fiscal year (FY) 2011 to FY 2013.

Table 1: Number of PRC Trips Taken During FYs 2011 through 2013



Source: PRC travel files.

PRC travelers are required to adhere to the PRC travel policy². Under the policy, all travel must be related to business or training purposes. In addition, the travelers should consider all cost services, when planning their itinerary and use the most advantageous method of transportation. If a more expensive service is used, travelers must obtain prior approval from the Chairman and include a written justification in the file explaining the benefits of alternative or higher cost services to the PRC.

In FY 2013, PRC had six travel coordinators who were responsible for preparing all travel requests including making arrangements and processing travel reimbursements. When planning a trip, the traveler provides a tentative itinerary to the travel coordinator. Upon receipt of the tentative itinerary, the coordinators prepare a *PRC Form T-1011, Pre-Travel Authorization and Itinerary*, by researching and estimating the costs of travel. Once preliminary estimates of the

¹ The Chairman and the Commissioners make "Commissioners" trips while "staff" trips are made by the PRC staff.

² Policy #001, *PRC Policy: Travel*, dated April 20, 2010, (Reissued February 21, 2013).

trip are made on *PRC Form T-1011*, the coordinators discuss the details with the traveler, who reviews and approves the form.

The travel coordinators forward the *PRC Form T-1011* to the traveler's supervisor for signature. Then the form is forwarded to the travel manager who is designated by the Chairman to review that the travel request complies with the PRC travel policies. For final approval, the form is submitted to the Chairman.

Upon returning from a trip, a traveler provides all receipts to the travel coordinators within five days. The coordinators submit the expenses for processing on behalf of the traveler through the United States Postal Service's eTravel system.³ Once expenses are recorded in eTravel, the coordinators provide the traveler with a copy of the expense report to review for accuracy and approval. The traveler certifies the reimbursement by signing the *PRC Form T-002, Expense Reimbursement and Travel Certification*. The travel coordinators and travel manager also sign the *PRC Form T-002* to ensure the expenses comply with the PRC travel policy. Before the travel manager approves the reimbursement for payment in eTravel, the Commission Secretary reviews the expenses and signs the *PRC Form T-002*.

A copy of the traveler's approved expense report, along with the appropriate receipts and other travel documentation is maintained in a travel folder located in the Office of the Secretary and Administration.

On September 6, 2012, Senator Tom Carper, who was then the Chairman of the Subcommittee on Federal Financial Management, Government Information, and International Security, provided a letter with travel recommendations to the PRC Chairman. Senator Carper's recommendations addressed the following three areas:

- Ensuring travel conforms with the PRC's strategic goals.
- Improving the travel approval process.
- Ensuring that travelers document that alternatives to travel are considered.

Objectives, Scope and Methodology

The objective of our audit was to assess whether PRC travel expenses were properly supported, were reasonable, and complied with policy. The scope of our audit included domestic and international travel vouchers paid from October 1, 2010 through September 30, 2013.

To accomplish our objective, we:

- interviewed PRC management, travel coordinators, and the travel manager regarding their roles and responsibilities for travel processes and procedures;

³ A web-based system to electronically manage their business travel expenses (create, submit, and review expense reports).

- interviewed the U. S. Postal Service National Travel Card Program Coordinator and Travel Management Specialist on monitoring PRC travel card activities;
- reviewed PRC travel policies and procedures;
- benchmarked PRC travel policy and procedures against the Postal Service's policies and procedures;
- tested for travelers who withdrew cash more than 3 days before official travel; reviewed Citibank ATM and travel card activities reports from October 1, 2010 through September 30, 2013 to identify travelers who may have attained ATM cash advances while not on official travel;
- obtained PRC travel files and validated the 107 trips taken by the PRC Commissioners and staff from October 1, 2010 through September 30, 2013;
- compared the 107 travel reimbursements with the supporting documents and the data in the Postal Service eTravel system;
- reviewed correspondence between Members of Congress and the PRC regarding travel; and
- discussed findings and observations with PRC officials.

An auditor on detail from the Postal Service Office of Inspector General (OIG) assisted in conducting this audit between August 2013 and May 2014 in accordance with generally accepted government auditing standards. We included such tests of internal controls as we considered necessary under the circumstances.

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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed the reliability of PRC data by testing a sample of transactions against supporting documentation and information in the eTravel system. We determined the data were sufficiently reliable for the purposes of this report.

We discussed our observations and conclusions with management on May 9, 2014, and included their comments where appropriate.

Prior Audit Coverage

The PRC OIG conducted an audit entitled *PRC Travel Policy and Practices* (Report Number 0901A02) dated May 26, 2009. The audit identified opportunities to strengthen the PRC's travel policy, and included four recommendations to assist with the overall management of these expenditures. Management agreed with these recommendations and established target dates for their implementation.

Results

We found the PRC did not always comply with established travel policies or properly support travel expenses. The PRC OIG previously reported some of these issues in FY 2009. In addition, we found travel approvals were not always in compliance with the recommendations made by Senator Carper. Furthermore, the PRC did not effectively monitor travel card activities and processes.

Compliance with Travel Policies

PRC travelers did not always comply with the PRC travel policy. This occurred because those approving travel did not properly review the travel reports and enforce the policy. The PRC travel policy⁴ requires travelers to use a government travel card as the only payment method for lodging, travel tickets, and any other travel-related expenses while on official business. The policy⁵ also requires the Chairman's approval for business travel and a written justification to deviate from the policy. In addition, the traveler must submit all receipts within five days of the business trip to the travel coordinator.⁶

During the period October 1, 2010 through September 30, 2013, we reviewed 107 trips and noted the following examples of non-compliance:

- Four PRC travelers used their personal credit card instead of the required government travel card and did not have adequate justification in the travel files to deviate from the policy. Specifically, one of the four travelers repeatedly used a personal credit card 22 times to pay for lodging totaling \$18,333 while on business travel. In addition, the traveler was reimbursed for six personal credit card bank fees.
- 22 travel expenses were not supported with receipts, and three *PRC Form T-1011s* were missing travel approvals. According to the travel coordinators, when travel receipts are missing, they accept verbal approval to process the expense reports.
- 45 travelers' expenses were approved for payment in eTravel before the Commission Secretary reviewed and approved the expenses.
- One traveler was reimbursed for a rental car that was not approved in advance by the Chairman.
- 14 travel reimbursements were not certified by the travelers or were certified after the expenses were approved in eTravel.

The PRC travel policy does not address any disciplinary actions for noncompliance.

⁴Policy# 001, Section IV.B.

⁵Policy# 001, Section I.

⁶Policy# 001, Section III.

eTravel can provide notification flags alerting the travel coordinators and approvers of possible violations. For example, one alert states "the hotel expense was not pulled from the company card page and is set to pay the employee (not Citibank), possible violation."

When the PRC allows a personal credit card to be used as an alternative payment method for travel, it cannot properly track employee travel spending. In addition, if the PRC does not enforce the existing travel card policy, it may be at risk of fraudulent activity or card misuse.

We recommend that the PRC:

1. Enforce the travel policy to obtain approval for business travel and provide a written justification when deviating from the travel policy.
2. Revise the PRC travel policy to include disciplinary actions for noncompliance.
3. Ensure travel coordinators and approvers attend refresher travel card training annually.

Management's Comments

Management agreed with these recommendations and will issue quarterly update directives to PRC travelers beginning August 1, 2014. Management will also issue a disciplinary policy for noncompliance with PRC travel policy by the end of FY 2014. In addition, travel coordinators and approvers will continue to attend annual refresher travel card training.

Evaluation of Management's Comments

Management's comments are responsive to the recommendations, and the action taken or planned should correct the issues identified.

PRC Travel Approvals

Senator Carper's letter recommended that the Chairman and another Commissioner approve all international travel as well as domestic travel expected to cost more than a specific amount. The PRC's current policy only requires that the Vice Chairman review—not approve—travel costs in excess of \$5,000 prior to the Chairman's review and approval.

We found six international travel vouchers totaling \$48,173 submitted after Senator Carper's recommendations dated September 6, 2012 that did not have the recommended two approving signatures. This occurred because the PRC did not fully modify its travel policy to address Senator Carper's recommendations. The Chairman revised the PRC travel policy and implemented two of the three recommendations on February 21, 2013. The revised policy requires that:

- the Vice Chairman reviews travel costing in excess of \$5,000 prior to the Chairman's review and approval.
- the traveler affirms that the travel is within the PRC's Strategic Plan or one of the PRC's statutory obligations.
- the traveler documents that alternatives to travel were considered.

During our audit, we analyzed PRC domestic trips in FY 2013 and found that the PRC spent over \$17,000 for 16 domestic trips ranging from \$290 to \$3,730 (all below the policy's \$5,000 threshold)—an average of \$1,105 spent per trip. We asked PRC officials to provide a copy of the methodology used to develop the \$5,000 domestic travel threshold; it was not provided. We do not believe that \$5,000 is a reasonable threshold for domestic travel because few, if any, domestic trips would exceed that amount.

By adopting Senator Carper's recommendations, including two approvals for international and domestic travel, PRC would be better positioned to use travel resources more efficiently.

We recommend that the PRC:

4. Revise the current PRC travel policy to ensure two Commissioners review and approve international travel as well as domestic travel above a reasonable threshold.
5. Conduct an analysis of domestic trips and adopt a reasonable dollar threshold for approval.

Management's Comments

Management partially agreed with recommendations 4 and 5. Management stated that the Chairman believes that implementing an additional approval by another Commissioner is unnecessary. Management also stated that they conducted an analysis of travel from FY 2012 to present and based on those results, lowered the travel threshold requiring review by the Chairman and Vice Chairman to \$4,200 for international travel and \$1,000 for domestic travel. Management believes these new steps will provide the necessary checks and balances by expanding the level of travel cost subject to review. The travel policy will be revised by September 30, 2014.

Evaluation of Management's Comments

We do not consider management's comments responsive to recommendation 4, providing for two Commissioners' approval of all international and some domestic travel. We recognize that PRC management revised the travel policy on May 23, 2013 to include a review by the Vice Chairman of PRC travel costing more than \$5,000. Also, management comments state that management conducted an analysis and lowered the threshold for

review by the Vice Chairman to \$4,200 for international travel and to \$1,000 for domestic travel. The action taken does not address the issues identified in the report.

We consider management's comments partially responsive to recommendation 5. While management did conduct an analysis of domestic travel and lowered its threshold for review, management's comments state that travel over this threshold will be subject to review only, not approval. Therefore, the action taken does not address the issues identified in the report.

GSA Lodging Rates

During the period, PRC travelers continued to pay in excess of the prevailing GSA lodging rate. Specifically, we identified 20 out of 62 travel reimbursements totaling \$3,973 where lodging costs exceeded the GSA lodging rate. Rates paid ranged from \$11 to \$570 over the published GSA lodging rates.

According to the policy, travelers are required to submit a brief memorandum describing the nature of the trip. This is to be included in the travel folder prior to final authorization. If the traveler requests travel arrangements or services which are more expensive than the GSA rate, a written justification must be provided. The *PRC Form T-1011* provides a section to document the rationale for not obtaining the GSA rate for domestic travel or the State Department rate⁷ for international travel. The travel coordinators stated that they verified the established GSA and State Department rates and included an explanation on *PRC Form T-1011* when the rates were not used. However, PRC officials did not properly review the travel expense reports to identify and possibly prevent excessive lodging rates. The PRC could have saved approximately \$3,973 if employees adhered to the published GSA lodging rates.

We recommend that the PRC:

6. Develop required periodic training for travel coordinators and approving officials that addresses adherence to the prescribed GSA rates and the issues noted in this report.
7. Enforce PRC travel policy to ensure that travel justifications explain the benefits of alternative or higher cost services to the PRC.

Management's Comments

Management agreed with these recommendations and reminded the travel coordinators on January 23, 2014 to visit General Service Administration's website to obtain the correct

⁷ International trips were excluded from the sample due to the fluctuation of the exchange rates. PRC should follow guidelines for international rates established by the State Department.

per diem and lodging rates. Travelers will also be required to provide written justification when necessary to explain the business rationale for using alternative or higher cost rates.

Evaluation of Management’s Comments

Management’s comments are responsive to the recommendations, and the action taken or planned should correct the issues identified

Government Per Diem Rates

In FYs 2012 and 2013, we found trips to Shawnee On Delaware, Pennsylvania, where the travel coordinators entered the incorrect city or county into eTravel. In six instances, the incorrect per diem allowances claimed were higher than the GSA rate.

Specifically, as shown in Table 2 and Table 3, six trips were over the allowable per diem rate of \$46 for Shawnee On Delaware, Pennsylvania. However, the amount claimed ranged from \$46 to \$71. In addition, travelers failed to properly notify the travel coordinator of meals provided at the conference and, therefore, the per diem allowances were not properly claimed. We found the per diem travel claims error rate improved 83% from five errors in FY 12 to one error in FY 13.

Table 2: Per Diem Rate Claimed for Shawnee On Delaware, Pennsylvania in FY 12

Traveler	Dates	Per Diem Claimed for Meals at Conference					Per Diem Rate Travel Claim	Per Diem GSA rate
		#of Days	Breakfast	Lunch	Dinner	Amount		
1	5/16/12-5/18/12	2	2	2	2	\$10.00	\$51	\$46
2	5/16/12-5/18/12	3	2	1	2	\$51.00	\$56	\$46
3	5/16/12-5/18/12	3	0	0	0	\$140.00	\$56	\$46
4	5/16/12-5/18/12	2	2	2	2	\$10.00	\$51	\$46
5	5/16/12-5/18/12	2	2	2	2	\$10.00	\$51	\$46

Source: eTravel Expense Report

Table 3: Per Diem Rate Claimed for Shawnee On Delaware, Pennsylvania in FY 13

Traveler	Dates	Per Diem Claimed for Meals at Conference					Per Diem Rate Travel Claim	Per Diem GSA rate
		#of Days	Breakfast	Lunch	Dinner	Amount		
							Per Day	Per Day
1	5/15/13-5/17/13	3	2	2	2	\$45.50	\$71	\$46
2	5/15/13-5/17/13	2	2	2	2	\$10.00	\$46	\$46
3	5/15/13-5/17/13	2	2	2	2	\$10.00	\$46	\$46
4	5/15/13-5/17/13	2	2	2	2	\$10.00	\$46	\$46
5	5/15/13-5/17/13	2	2	2	2	\$10.00	\$46	\$46
6	5/15/13-5/17/13	3	2	2	2	\$33.00	\$46	\$46

Source: eTravel Expense Report

When travel coordinators plan travel, they are guided by the GSA policy for domestic travel regarding per diem rates. PRC officials did not review *PRC Form T-1011* to ensure all items within the travel report were complete and accurate. In addition, the approving officials relied on the travel coordinators to use the correct per diem rate and did not provide proper oversight when travelers deviated from the GSA rate.

We recommend that the PRC:

8. Confirm the travel location (city or county) for the appropriate per diem rate in accordance with the GSA policy for domestic travel.
9. Reduce the per diem when meals are provided by the sponsors for meeting, conferences and training sessions.

Management’s Comments

Management agreed with these recommendations and reminded the travel coordinators on January 23, 2014 to visit General Service Administration’s website to obtain the correct per diem and lodging rates. In addition, they will strengthen the pre-travel process to use correct per diem calculations for meals by September 30, 2014.

Evaluation of Management’s Comments

Management’s comments are responsive to the recommendations, and the action taken or planned should correct the issues identified

Monitoring Travel Credit Card Activities

The PRC does not monitor its travelers' travel credit card activities. Monitoring travel credit card balances and transactions, such as cash advances, reduces the risk of credit card delinquencies or misuse. Employees obtained 47 cash advances totaling \$12,017 during FY 2011 through FY 2013. The PRC policy⁸ allows a cash advance up to three days before official travel. However, we noted the following:

- One traveler obtained a cash advance⁹ of \$23 more than nine days before a trip commenced.
- One traveler obtained a \$154 cash advance one day after a trip was completed.

PRC travel approvers do not have access to monitoring reports that would allow them to better manage traveler credit card use and alert them to possible misuse. PRC officials indicated they do not obtain Citibank travel card activity reports, and that the Postal Service monitors the PRC travel. Using these reports to monitor travel card transactions for potentially inappropriate cash advances or purchase transactions, as well as reports indicating travelers' delinquency status, reduces the potential for misuse.

We recommend that the PRC:

10. Work with the Postal Service to obtain travel monitoring reports for cash advances and travel transactions to monitor PRC employees' travel card usage.

Management's Comments

Management agreed with this recommendation and issued a directive to follow the United States Postal Service (USPS) policy that cash advances will no longer be allowed as of May 19, 2014. The travel manager began reviews of the travel card expense report from the USPS as part of a monthly travel file inspection in May 19, 2014.

Evaluation of Management's Comments

Management's comments are responsive to the recommendation, and the action taken or planned should correct the issues identified.

Cancelling Travel Credit Cards for Separated Commissioners

The PRC did not cancel two former Commissioners' travel credit cards when they left the agency. The PRC does not have a written policy to terminate travel credit cards for separated employees. However, the practice is to obtain all travel cards from the departing employees and

⁸ Policy# 001, Section VIII.F.

⁹ Cash advances may include banking fees.

have them sign an exit checklist. According to the travel manager, she notifies the Postal Service National Travel Card Program Coordinator when a traveler is separating from the agency to terminate the travel card. The PRC does not have processes in place to verify cancellation of credit card accounts for separated travelers.

PRC officials did not enforce the closure of the accounts for the two former Commissioners. At the time of our audit, approximately \$30,000 in open credit limits was associated with these accounts. The two former Commissioners were not aware that their travel cards were still active.

When we brought this issue to PRC management's attention, they lowered the former Commissioners' travel card credit limits to \$1. This action will prevent the misuse of the credit card. We are not making any recommendations regarding this issue because action was taken during the audit.



POSTAL REGULATORY COMMISSION

Washington, DC 20268-0001

DATE: June 3, 2014

TO: Jack Callender, Inspector General

FROM: Shoshana Grove, Secretary and Chief Administrative Officer

RE: Commission Response to Draft Audit Report 13-02-A01 – PRC TRAVEL EXPENSES

This memo is in response to the Draft Audit Report (Report) prepared by the Office of the Inspector General (OIG) and received May 14, 2014. The audit covered travel related expenses of employees of the Postal Regulatory Commission (Commission) from October 1, 2010 to September 30, 2013. The Commission is committed to compliance with its travel policy and procedures, and appreciates the diligence and professionalism exhibited by you and your staff during this inspection.

The Commission's Secretary substantially agrees with all of the recommendations contained in the Report and provides specific responses below. The Secretary is pleased that all travel related expenses reviewed were made for official government purposes.

The Commission's Secretary also believes it important to note that several of the recommendations in the Draft Audit were implemented by the Commission prior to this instant review and reflect the Commission's commitment to continued improvement of accountable travel practice and policies.

BACKGROUND

The Commission is an independent establishment of the executive branch and is not subject to the policies and procedures of the United States Postal Service (USPS), although it leverages many of USPS administrative shared service systems in order to save costs, such as the USPS Travel credit card and eTravel systems. The Commission procures travel using the USPS eTravel system, an online application provided to the Commission at no charge by USPS. The choice of this system was not intended to presume adoption of USPS policies. The Commission maintains its own separate travel policies and procedures, of which eTravel is only one piece.

In 2009, Chairman Goldway designated a single Travel Manager for the PRC. This was a new position responsibility. It continues to this date. The Travel Manager monitors and oversees the overall travel process and adherence to policy, trains the Travel Coordinators and acts as the approver in eTravel. In January 2012, oversight of the travel process was moved from the Chairman's office to the Office of Secretary and Administration. In 2012 and again in 2013, the Secretary reviewed the travel process and issued updated policy and processes to effect

continuous improvement and to ensure compliance with policy. These updates were followed by training for the Travel Manager and Travel Coordinators.

On September 6, 2012, Senator Tom Carper sent a letter to the Chairman that made several recommendations regarding Commission travel following a review of Commission travel and policy. The Commission's Secretary agreed with many of these recommendations and issued an updated Travel Policy on February 21, 2013 and an updated Travel Standard Operating Procedure (SOP) on May 23, 2013 that incorporated most of his recommendations. The Commission continues to strengthen its policies and procedures as information from this audit and our own experiences suggest.

In addition, the Commission's Secretary is exploring the most efficient and effective method to transition to a fully electronic system for travel approval and management and expects completing this transformation by the close of FY2014.

RECOMMENDATIONS AND RESPONSES

Compliance with Travel Policies

Recommendation 1: Enforce the travel policy to obtain approval for business travel and provide a written justification when deviating from the travel policy.

Recommendation 2: Revise the PRC travel policy to include disciplinary actions for noncompliance.

Recommendation 3: Ensure travel coordinators and approvers attend refresher travel card training annually.

Response: The Commission Secretary agrees with all three of the recommendations, and reports that Recommendations 1 and 3 have already been implemented. First, with respect to Recommendation 1, the Secretary implemented and continues to use a revised Standard Operating Procedures (SOP) on May 23, 2013 (See Attachment 1) along with a revised checklist for travel approvals and documentation (See Attachment 2) and a revised PRC Form T-1011, Pre-Travel Authorization and Itinerary (See Attachment 3). The process improvements also included a pre- and post-travel file inspection by the Secretary and Assistant Secretary consisting of a review of travel folders before a trip is taken and after the final documents have been placed in the travel file. These improvements will ensure that the policy is enforced at multiple points in the travel process. The Secretary implemented these improvements to ensure that the travel policy is enforced, that appropriate approvals are obtained and that written memos including justifications are required for exceptions. Regarding Recommendation 3, in 2013 the Travel Coordinators received refresher training that included these new processes and policies. Additionally, the Office of the Secretary will issue quarterly update directives to Commission travelers beginning August 1, 2014. The Commission Secretary will also ensure that Travel Coordinators and approvers continue to attend required annual refresher travel card training. The FY 2014 annual refresher training is scheduled for no later than July 31, 2014.

The Commission also adopts Recommendation 2 and will issue a disciplinary policy to cover compliance expectations regarding all Commission policies, including the travel policy, before September 30, 2014.

PRC Travel Approvals

Recommendation 4: Revise the current PRC travel policy to ensure two Commissioners review and approve international travel as well as domestic travel above a reasonable threshold.

Recommendation 5: Conduct an analysis of domestic trips and adopt a reasonable dollar threshold for approval.

Response: The Commission Secretary substantially agrees with and will implement part of Recommendations 4 and 5 by requiring all international travel above a reasonable threshold of \$4200 and all domestic travel over a reasonable threshold of \$1000 be reviewed by two Commissioners (the Chairman and Vice Chairman). The Commission Secretary also agrees with recommendation 5 and has conducted an analysis of domestic trips and has arrived at a reasonable dollar threshold for review of \$1000. To arrive at this amount, the Commission Secretary conducted an analysis of travel from FY2012 to present. The analysis showed that the average cost of domestic travel was \$996 which was rounded up to \$1000. Based on the analysis, this threshold captured 62% of the cost of domestic travel and 31% of the number of trips taken. To arrive at the threshold for international travel the Commission Secretary conducted an analysis of international travel from FY2012 to present. The analysis showed that the median cost of international travel was \$4,261 which was rounded down to \$4200. This threshold captured over 72% of the cost and over 51% of the trips taken.

Commission travel policies and procedures will be revised to reflect the above changes and implemented by September 30, 2014. Consistent with existing Commission travel policy, all travel is reviewed and approved for consistency with Commission travel policy by the Travel Manager and the Secretary. By requiring the review of another Commissioner for international travel above a reasonable amount and for domestic travel with a new lower threshold amount, these added steps will provide the necessary checks and balances.

With respect to the part of Recommendation 4 requiring the approval of two Commissioners for travel, the Chairman believes that implementing an additional approval by another Commissioner is unnecessary. Under current Commission policy, each Commissioner is allocated and may spend up to \$5,000 per year on domestic travel at his or her discretion without another Commissioner's review or approval as long as it is consistent with Commission travel policy (see Attachment 5 at p 6). By implementing an additional Commissioner-level review for international travel over \$4200 and reducing the dollar amount for domestic travel that must be reviewed by another Commissioner to \$1000, these steps will provide the necessary checks and balances on Commission travel related expenses. Also as stated above, all travel is reviewed and approved for consistency with Commission travel policy by the Travel Manager and the Secretary.

In addition to the changes the Commission is making in response to this audit, it is important to note that there have been changes to travel policy and procedure that the Commission has implemented during the audit period. The Commission's May 23, 2013 SOP implemented several additional recommendations from Senator Tom Carper following a congressional review. Those

changes required travelers to include a memo to explain how the proposed trip is necessary to achieve a goal consistent with the Commission's Strategic Plan or one of the Commission's statutory obligations. The memo must also cite the alternatives to travel that were considered and why they were rejected as a viable option (see Attachment 1). In June 2013, the Travel Coordinators received individual training from the Travel Manager on these revised processes.

By requiring that international travel above a reasonable threshold be reviewed by two Commissioners and by establishing a reasonable threshold amount for domestic travel, the Commission is expanding the level of review of Commission travel, encompassing more trips and related expenses that will be carefully scrutinized.

GSA Lodging Rates

Recommendation 6: Develop required periodic training for travel coordinators and approving officials that addresses adherence to the prescribed GSA rates and the issues noted in this report.

Recommendation 7: Enforce PRC travel policy to ensure that travel justifications explain the benefits of alternative or higher cost services to the PRC.

Response: The Commission Secretary agrees with the recommendations and they have been implemented. Refresher training is conducted at least annually during the fiscal year and more often if necessary, to ensure that the Travel Coordinators (Coordinators) are informed of any mid-year guidance changes on travel. During FY 2013, training was held on February 12, June 13 and June 20, 2013. On January 23, 2014, coordinators were reminded to visit www.gsa.gov (<http://www.gsa.gov/portal/content/104877#>) to get the correct per diem and lodging rates. To make it easier and more efficient, the coordinators now enter the zip code and the correct lodging and per diem information is provided automatically. Coordinators also were reminded to ensure that travelers provide written justifications when necessary to explain the business rationale for using alternative or higher cost rates. On PRC Form T-1011, under lodging, there is an area to indicate whether the government rate was used and, if not, to provide a justification, as needed (see attached).

Government Per Diem Rates

Recommendation 8: Confirm the travel location (city or county) for the appropriate per diem rate in accordance with the GSA policy for domestic travel.

Recommendation 9: Reduce the per diem when meals are provided by the sponsors for meeting, conferences and training sessions.

Response: The Commission Secretary agrees with the recommendations contained in the Report, and reports that they have been implemented. Refresher training is conducted at least annually during the fiscal year and more often if necessary to ensure that the Coordinators are abreast of

any mid-year guidance changes on travel. During FY 2013, training was held on February 12, June 13 and June 20, 2013. On January 23, 2014, coordinators were reminded to visit www.gsa.gov (<http://www.gsa.gov/portal/content/104877#>) to get the correct per diem and lodging rates. To make it easier and more efficient, the coordinators now enter the zip code and the lodging and per diem information is provided automatically. Additionally, coordinators were reminded to ensure that travelers provide written justifications when necessary to explain the business rationale for using alternative or higher cost rates. It is incumbent upon the traveler to notify his or her travel coordinator when meals are provided by so indicating on the T-1011. By September 30, 2014, the Secretary will strengthen the pre-travel process by including information and reminders regarding the correct per diem calculation when provided meals are reported.

Monitoring Travel Credit Card Activities

Recommendation 10: Work with the Postal Service to obtain travel monitoring reports for cash advances and travel transactions to monitor PRC employees' travel card usage.

The Commission Secretary agrees with this recommendation and reports that it has been implemented. The Travel Manager has begun reviews of the travel card expense report from USPS as part of a monthly travel file inspection, beginning in May 2014. Additionally, on May 19, 2014, the Commission issued a directive to all PRC staff to conform to the USPS travel card management instruction (effective May 2014) advising that cash advances will no longer be allowed (See Attachment 4).

With respect to the specific findings in the Report at pages 4-5, the Secretary provides the following responses.

The Secretary appreciates the Inspector General's information about four travelers who were reported to have used their personal credit card instead of the required government travel card and did not have sufficient justification in the travel file to deviate from existing Commission policy. The Secretary has investigated these four instances and is satisfied with the justification for each. However, appropriate documentation with the justifications in each case was not provided consistent with Commission policy. Action was taken prior to the audit to ensure that use of personal credit cards was only for exceptional reasons and was fully documented in the file.

The OIG reports that 22 separate expense items submitted within travel claims were missing receipts. The Inspector General noted that many of these were for taxis and that all were for items under \$50. The Commission has a long-standing practice, in line with other government agencies within the Federal government, which allows for expenses under \$50 to be claimed without a receipt. Additionally, a receipt is not required for expenses under \$50 in the USPS eTravel system. Consistent with this practice, the Commission will amend its policy to specify that expenses under \$50 do not require a receipt for reimbursement.

Regarding the 45 travelers' expenses that were approved for payment in eTravel before the Commission Secretary reviewed and approved the expenses, and the 14 travel expenses that were not certified for reimbursement or were certified after the expenses were approved in eTravel, we

were unable to review the files to provide an explanation since the files were taken by the OIG when it began its audit and have not yet been returned. It appears that the 45 expenses may include multiple expenses from a single trip and may also include Commissioner travel under the \$5000 approval threshold. As stated earlier, under Commission policy each Commissioner is allotted \$5000 in travel funds to expend without further approval consistent with existing Commission travel policy.

The Secretary also appreciates the Inspector General's information about one rental car instance and provides the following explanation. An employee received prior authorization in FY2012 to transport Commission files to the USPS Human Resources Shared Services Center in Greensboro, North Carolina as part of the transition to eOPF (electronic Official Personnel Files). Although this was appropriate business travel, the Chairman's signature was not obtained in advance of the travel which is inconsistent with Commission Policy. As reported above, procedures are now in place to ensure that the required documentation/authorization and signatures are in place.

Further, in reference to the Draft Audit's finding that Commission travel coordinators ignored alerts and approved travel without adequate documentation, neither travel coordinators or the Travel Manager have access to eTravel notification flags that are mentioned in the audit. However, the Secretary will request that the USPS Travel manager make this feature accessible to the Commission.