



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Spending Taxpayer Dollars

EPA Needs Better Management Controls for Approval of Employee Travel

Report No. 15-P-0294

September 22, 2015



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Abbreviations

CFC	Cincinnati Finance Center
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FIAT	Fast International Approval Tracking System
FTR	Federal Travel Regulations
FY	Fiscal Year
GSA	U.S. General Services Administration
JWA	John Wayne Airport
LA	Los Angeles County
M&IE	Meals and Incidental Expenses
OAK	Oakland International Airport
OC	Orange County
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OITA	Office of International and Tribal Affairs
OMB	Office of Management and Budget
SRO	Senior Resource Official
TA	Travel Authorization
TDY	Temporary Duty
TMC	Travel Management Center
TV	Travel Voucher

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At a Glance

Why We Did This Audit

We conducted this audit to determine the effectiveness of U.S. Environmental Protection Agency (EPA) oversight and controls for employees in travel status.

On August 27, 2013, a member of the Senate Committee on Environment and Public Works requested that the EPA Office of Inspector General initiate work to determine the agency policies and processes that facilitated fraud by John C. Beale, a former Senior Policy Advisor within the EPA's Office of Air and Radiation. In response to the request, we increased the audit testing to address the increased risk associated with travel-related fraud.

This report addresses the following EPA goal or cross-agency strategy:

- Embracing EPA as a high-performing organization.

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at:
www.epa.gov/oig/reports/2015/20150922-15-P-0294.pdf

EPA Needs Better Management Controls for Approval of Employee Travel

What We Found

Our analysis of randomly selected travel vouchers for all EPA employees disclosed significant issues with a former Region 9 Administrator, as well as other weaknesses agencywide.

Weak internal controls make EPA travel dollars vulnerable to fraud waste and misuse.

The former Region 9 Administrator made 88 trips from fiscal year (FY) 2007 through January 2009. For 51 of the 88 trips (58 percent), the former Region 9 Administrator traveled to Orange County/Los Angeles County (OC/LA), California, near the former Region 9 Administrator's residence at a cost of approximately \$69,000. The Region 9 headquarters is in San Francisco. The Assistant Deputy Regional Administrator who authorized and approved some of the travel said the trips to OC/LA were necessary. Our comparison of the number of trips made by the subsequent acting Regional Administrator and the current Regional Administrator calls into question whether some of the travel of the former Regional Administrator was essential to performance of the agency mission.

For other EPA employees, our randomly selected analysis disclosed inadequate or no justification being provided for certain lodging above per diem rates. We noted a lack of trip reports for international travel, vouchers not being submitted within the required timeframe, and travel card refresher training requirements not being in compliance with Office of Management and Budget A-123 requirements. The EPA's FYs 2011 and 2012 annual reporting to the U.S. General Services Administration on premium class travel was incomplete and thus inaccurate. Insufficient implementation of federal and EPA travel policies and controls result in EPA travel dollars being vulnerable to fraud, waste and misuse.

Recommendations and Planned Agency Corrective Actions

We recommend that the EPA evaluate the effectiveness of its *Executive Approval Framework*, review quarterly reports for frequent travelers traveling to the same location, and submit irregularities to the Office of the Chief Financial Officer. We also recommend that the EPA update its travel manual to reflect changes pertaining to lodging, international trip reports, and travel card refresher training; and that the EPA reconcile annual premium class reports. The agency has completed or initiated corrective actions for all recommendations.

Noteworthy Achievements

As a result of Mr. Beale's guilty plea, the EPA initiated an internal review and issued a report—*2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*. As of April 24, 2014, the EPA has taken planned actions on the need for proper justification for per diem rates and international trip reports. The final action is planned to be completed by September 2015.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

September 22, 2015

MEMORANDUM

SUBJECT: EPA Needs Better Management Controls for Approval of Employee Travel Report No. 15-P-0294

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink that reads "Arthur A. Elkins Jr."

TO: David Bloom, Deputy Chief Financial Officer
Office of the Chief Financial Officer

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

Action Required

The agency provided corrective actions for addressing the recommendations with milestone dates. Therefore, a response to the final report is not required. The agency should track corrective actions not implemented in the Management Audit Tracking System.

The OIG may make periodic inquiries on your progress in implementing these corrective actions. Please update the EPA's Management Audit Tracking System as you complete planned corrective actions. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

This report will be available at <http://www.epa.gov/oig>.

Table of Contents

Chapters

1	Introduction	1
	Purpose	1
	Background.....	1
	Responsible Offices	2
	Noteworthy Achievements	2
	Scope and Methodology	3
	Prior EPA OIG Reports	3
2	Ineligible Travel Costs and Excessive Trips by Former EPA Regional Administrator	4
	Travel of Former Region 9 Administrator	4
	Ineligible Travel Costs Claimed.....	6
	Process for Creation and Approval of Former Region 9 Administrator's Travel	7
	Trips to OC/LA Greatly Reduced Under Acting/New Region 9 Administrators	8
	Recommendations	9
	Agency Response and OIG Evaluation	9
3	Internal Control Weaknesses for Employee Travel	11
	Inadequate Justification for Lodging Above Per Diem	11
	Trip Reports Not Always Submitted After International Travel	14
	TVs Not Submitted Timely	15
	EPA Travel Card Refresher Training – Lack of Compliance With Requirements of OMB Circular A-123 Government Charge Card Programs	16
	EPA's Annual Reporting to GSA on Premium-Class Travel Incomplete	17
	Conclusion	18
	Recommendations	19
	Agency Response and OIG Evaluation	19
	Status of Recommendations and Potential Monetary Benefits	20

Appendices

A	Details on Scope and Methodology	22
B	Agency Response to Discussion Draft	24
C	Agency Response to Additional OIG Recommendation	29
D	Distribution	30

Chapter 1

Introduction

Purpose

We conducted this audit to determine the effectiveness of U.S. Environmental Protection Agency (EPA) oversight and controls for employees in travel status.

Background

On August 27, 2013, a member of the Senate Committee on Environment and Public Works requested that the Office of Inspector General (OIG) initiate work to determine the agency policies and processes that facilitated fraud by John C. Beale, a former Senior Policy Advisor within the EPA's Office of Air and Radiation. Mr. Beale pleaded guilty to committing fraud, including travel fraud against the EPA. In response to the request, we increased the audit testing to address the increased risk associated with travel-related fraud.

Federal Travel Regulation

The U.S. General Services Administration (GSA) issues Federal Travel Regulations (FTR) to manage the travel and relocation policy for all federal civilian employees and others authorized to travel at the government's expense. The codified FTRs are in the U.S. Code of Federal Regulations (CFR) in 41 CFR Chapters 300 through 304. In managing federal travel, GSA works to ensure official travel is conducted in a responsible manner while minimizing administrative costs and communicating resulting policies in a clear manner to all federal agencies and employees.

EPA Travel Manuals

The EPA's travel manual—Resource Management Directive System 2550B, *Official Travel*, issued November 14, 1995, and updated April 16, 2012—applies to EPA employees and other federal employees who travel using agency funds.

As soon as an employee has knowledge of an upcoming trip, the employee or the employee's preparer/arranger prepares a travel authorization (TA) by entering travel information in the EPA E-Gov Travel Service system. The information entered includes purpose, duration, location, per diem and mode of travel. The TA is then automatically routed to the appropriate authorizing official(s) for approval. Within 5 working days of return, the traveler is required to submit a travel voucher (TV) claiming allowable expenses incurred while on travel. The automated system routes the TV to one or more persons for approval. The approving official ensures expenses claimed are authorized and allowable;

amounts claimed are reasonable; and required receipts, statements, justifications and approvals are scanned and uploaded into the EPA E-Gov Travel Service system. The TV is then routed to the Cincinnati Finance Center (CFC) to reimburse the traveler.

Office of Management and Budget Circular A-123

Office of Management and Budget (OMB) Circular A-123, Appendix B, Revised, *Improving the Management of Government Charge Card Programs*, prescribes policies and procedures to agencies to maintain internal controls that reduce the risk of fraud, waste and error in government charge card programs. Travel charge cards are issued as either individually billed accounts with individual liability, or as centrally-billed accounts wherein the government is liable for all purchases, including those that are the result of misuse or abuse.

Responsible Offices

Various EPA offices share responsibilities for EPA employee travel.

Office of the Chief Financial Officer (OCFO). OCFO manages the EPA travel program to ensure that the program complies with federal regulations and the EPA's policy, and monitors the travel programs effectiveness. Within OCFO:

- **Office of Financial Management.** This office issues policies and procedures for official EPA travel, including procedures regarding travel cards, and provides guidance to program offices and regions.
- **Office of Financial Services, Cincinnati Finance Center.** This office manages the EPA E-Gov Travel Service system, maintains the travel Help Desk, assists with travel training requests, serves as the EPA travel payment office, and pays proper travel claims (e.g., allowable expenses with required receipts).

Noteworthy Achievements

On April 15, 2014, the EPA's Office of Administration and Resources Management and the OCFO issued a report—*2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*—and reported that major internal controls were in place to provide the necessary controls over the EPA's financial activities. However, there were areas where compliance with existing internal controls needed improvement. As a result, the EPA developed corrective actions with estimated completion dates for noted deficiencies. We followed up on the status of these actions and found that the EPA had taken most of the corrective actions. Among the completion dates provided for corrective actions, the final action associated with a subsequent assessment of the voucher process is planned to be completed by September 2015.

Scope and Methodology

We 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Appendix A contains details on our scope and methodology.

Prior EPA OIG Reports

On December 11, 2013, we issued *Early Warning Report: Internal Controls and Management Actions Concerning John C. Beale's Travel* (Report No. [14-P-0037](#)). The OIG found the EPA's lack of management oversight and weak internal controls enabled Mr. Beale's travel abuse. Mr. Beale's travel abuse included:

- Using premium class travel.
- Incurring lodging expenses above per diem amounts.
- Charging questionable travel and transportation costs.

We made no recommendations in this Early Warning Report because we only conducted this audit to determine the policies that facilitated Beale's fraud.

In addition to the early warning report previously noted, the EPA OIG issued a report on May 10, 2011, *EPA Needs to Strengthen Management Controls Over Its Travel Authorization Process* (Report No. [11-P-0223](#)). We reported that the EPA travel program lacked sufficient management controls to ensure that travel documents were properly routed and authorized. Travel controls did not prevent prohibited employees from self-authorizing their travel. Also, the EPA travel system allowed unauthorized personnel to self-approve travel, and did not ensure that GovTrip routing lists were controlled to ensure an independent review of travel. The report did not identify any instances of fraud. We made four recommendations to the agency. Two recommendations—pertaining to GSA changing GovTrip to prevent self-authorization of travel, and the development of scripts to determine whether travelers are in compliance with policy for managing routing lists—remain open pending full completion of the corrective actions.

Chapter 2

Ineligible Travel Costs and Excessive Trips by Former EPA Regional Administrator

The former Region 9 Administrator made excessive trips to Southern California and claimed ineligible travel costs. He made 88 trips in total from October 2006 through January 2009. For 51 of the 88 trips (58 percent), the former Region 9 Administrator traveled to Orange County/Los Angeles County (OC/LA), California, near the former Region 9 Administrator's residence, at a cost of approximately \$69,000. Our detailed analysis of 41 vouchers (47 percent) showed that the former Region 9 Administrator traveled almost every weekend to OC/LA. The EPA Region 9 offices are located in San Francisco with a Southern California Field Office in Los Angeles, which the EPA established during the former Regional Administrator's tenure.

The EPA's 1995 travel manual, which was not updated until April 2012, outlines responsibilities of authorizing and approving officials for travel. The approvers of the former Region 9 Administrator's TAs and TVs were subordinates, which raises concerns about whether subordinates would adequately review their supervisor's travel. The Assistant Deputy Regional Administrator, a subordinate of the former Regional Administrator who approved some of his travel, stated that she reviewed the purpose of the trips and believed the trips were necessary. When compared to trips of the subsequent acting and current Regional Administrators, the frequency calls into question whether the travel of the former Regional Administrator was essential to performance of the agency mission.

Travel of Former Region 9 Administrator

The former Region 9 Administrator was appointed in October 2001 and held that position until January 16, 2009. The former Regional Administrator's residence was in Aliso Viejo, California, in Orange County. An agency employee said the former Regional Administrator normally stayed at his sister's residence in the San Francisco area. In June of 2004—2 years and 8 months after the former Region 9 Administrator was appointed—the EPA established a Southern California Field Office in downtown Los Angeles. The EPA's Southern California Field Office provides a substantial, local EPA presence in southern California to work with state and local agencies, businesses, non-profit groups, press and news media, and the public to more effectively address issues that arise.

The OIG analysis of Compass travel data provided by OCFO showed the former Region 9 Administrator took 88 trips from October 2006 through January 2009. For those trips, he traveled a total of 680 days, of which 416 days (61 percent) were for travel to OC/LA, as shown in Table 1. The number of travel days includes all dates covered by travel vouchers, including weekends and holidays.

Table 1: Travel of former Region 9 Administrator

Fiscal Year	No. of trips	Costs	No. of days of travel	No. of trips to OC/LA	Cost for OC/LA	No. of days in OC/LA	Percentage of days in OC/LA
2007	42	\$56,604	306	24	\$33,961	191	62%
2008	33	60,280	295	20	26,629	163	55%
2009	13	15,453	79	7	8,362	62	78%
Total	88	\$132,337	680	51	\$68,952	416	61%

Source: OIG analysis of EPA Compass data, “Destination” column.

Our analysis of 41 of the 88 trips (47 percent) disclosed the results in Table 2.

Table 2: Detailed review of 41 trips

Destination	No. of trips	Cost of 41 trips reviewed	No. of travel days	No. of days in OC/LA	Percentage of OC/LA days
OC/LA	22	\$25,607	189	137	72%
Non-OC/LA ¹	19	26,566	92	41	45%
Total	41	\$52,173	281	178	63%

¹ The former Region 9 Administrator spent days in OC/LA before or after non-OC/LA trips.

Source: OIG analysis of Compass data, provided by OCFO, and hard copies of vouchers, receipts provided by Region 9.

Our analysis noted that the former Region 9 Administrator traveled to the OC/LA area almost every weekend. Most of the time, his flight departed from Oakland International Airport (OAK) to John Wayne Airport (JWA), located approximately 11 miles from his Aliso Viejo residence. Of the 41 trips we analyzed, 22 had destinations for OC/LA. Twenty of the 22 trips disclosed that regardless of the destination to OC or LA, the former Region 9 Administrator arrived at JWA.

The former Region 9 Administrator’s travel pattern was to travel mostly on Wednesday, Thursday or Friday from San Francisco to OC/LA, and returning to San Francisco on Sunday, Monday or Tuesday of the following week. When in OC/LA, the former Region 9 Administrator stayed at his residence, and claimed meals and incidental expenses (M&IE), as well as mileage for his privately owned vehicle to commute to the Los Angeles Field Office and/or wherever necessary. His residence was about 55 miles from the EPA’s Los Angeles Field Office.

When leaving OC/LA from JWA for his official duty station in San Francisco via OAK, the former Region 9 Administrator frequently parked his privately owned vehicle at JWA and claimed parking fees on his voucher. The parking tickets submitted do not show check-in dates; they only show check-out dates. The check-out date was his arrival date at JWA from OAK. Nineteen of the 41 vouchers analyzed (46 percent) showed destinations other than OC/LA. Nine of the 19 vouchers showed that the former Regional Administrator also stayed in OC/LA before or after the trip (see Table 3 below).

Table 3: Destination other than OC/LA

Travel destination	Travel begin date	Travel end date	No. of travel days including OC/LA	No. of days in OC/LA
Palm Springs, CA	10/19/06	10/23/06	4	2
Phoenix, AZ	04/02/07	04/16/07	14	9
San Diego, CA	11/01/06	11/07/06	6	5
Washington, D.C.	04/16/07	04/25/07	9	3
Seattle, WA	12/05/07	12/10/07	5	4
Washington, D.C.	10/19/07	10/30/07	11	8
Washington, D.C.	09/08/08	09/17/08	9	6
Phoenix, AZ	12/10/08	12/15/08	5	3
Shanghai, China	11/10/08	11/16/08	6	1
Total			69	41
Percentage of days in OC/LA				59%

Source: OIG analysis of Compass data, provided by OCFO, and hard copies of vouchers, receipts provided by Region 9.

Ineligible Travel Costs Claimed

Our analysis of the former Region 9 Administrator's travel noted ineligible costs of \$3,823. The following ineligible costs were claimed on TVs:

- M&IE claimed twice on the same travel day.
- Exceeded M&IE rate or claimed full M&IE instead of three-quarters for the beginning or end of travel.
- Claimed extra M&IEs (e.g., claimed a full M&IE on Friday in OC and another three-quarters on Sunday for returning to official work station in San Francisco, but the official travel should have ended Friday with three-quarters M&IE claimed for that day and no M&IE claimed for Sunday).
- Unallowable M&IE claim for Saturdays, Sundays and holidays for the travel from December 18, 2008, through January 12, 2009.
- Annual leave taken from April 9, 2007, through April 13, 2007, but M&IEs were claimed, including two weekends (Saturday, April 7, 2007–Sunday, April 8, 2007; and Saturday, April 14, 2007–Sunday April 15, 2007).
- Cost of airfare and three-quarters of M&IE to Aliso Viejo on Friday, October 19, 2007, at 2:50 PM from Oakland Airport; arrived at JWA at 4:10 PM for a travel scheduled to Washington, D.C., on Monday, October 22, 2007. Travel should have begun on Monday, October 22, 2007, from San Francisco, or the former Region 9 Administrator should have borne the cost of airfare and not have claimed the three-quarters of M&IE for coming home for the weekend.
- While in China, claimed lodging and M&IE for a personal day on Saturday, November 15, 2008, when official duty was over on Friday.

Other ineligible costs claimed on TVs of the former Region 9 Administrator included:

- Parking fees at JWA claimed when he returned to his official duty station in San Francisco. Two receipts of these parking fees were for different dates of travel not in the authorization.
- Transposition error between the receipt (\$68) and the claimed amount (\$86) for a parking fee at JWA.
- No record of rental car nor explanation provided for hotel parking fee in Tucson, Arizona.
- No privately owned vehicle authorized on TA but claimed on TV:
 - 250 miles claimed, with the hand-written mileage of 161 in total.
 - 200 miles with no support.
 - 450 miles claimed with the hand-written mileage of 296 in total.

Process for Creation and Approval of Former Region 9 Administrator's Travel

The former Region 9 Administrator's TAs were created by his staff based on information received from the former Region 9 Administrator and his Chief of Staff. A review of GovTrip (previous E-Gov Travel Service system) showed TVs were created by the staff and signed by the former Region 9 Administrator. The Deputy or Assistant Deputy Regional Administrators—both of whom directly reported to the former Region 9 Administrator—approved his TAs and TVs.

The EPA's travel manual, issued November 14, 1995, which was in effect at the time, states:

RESPONSIBILITIES OF THE SUPERVISOR.

The supervisor is responsible for the sound financial management of all aspects of official travel and for ensuring that travel is in the best interest of the Government. Supervisors shall authorize, review, and approve travel documents according to the standards of the travel regulations.

AUTHORITY TO TRAVEL

Travel authorizing officials shall be knowledgeable of the specific requirements to authorize only that which is absolutely essential to the accomplishment of the objectives of agency programs.

The signature of the approving official shall signify that the travel was essential to accomplishing the objectives of the agency.

TRAVEL CONTROLS

All official travel requests will be carefully examined by the approving and authorizing officials to assure that: The number of trips, points to be visited, duration of travel are limited to matters that are essential to performance of agency missions and cannot be handled by mail or telephone.

At the time of the former Region 9 Administrator's travel, the EPA did not establish procedures for the approvals required for EPA senior executives.

Subordinates approved the former Region 9 Administrator's TAs and TVs. The Deputy Regional Administrator who authorized and approved the former Region 9 Administrator's travel has retired. The Assistant Deputy Regional Administrator who authorized and approved the former Region 9 Administrator's travel at the time stated the former Region 9 Administrator determined that each trip was necessary. The Assistant Deputy Regional Administrator reviewed the purpose of the trips and believed the trips were necessary. She also said the Los Angeles area requires the presence of EPA leadership to deal with issues that may arise.

Trips to OC/LA Greatly Reduced Under Acting/New Region 9 Administrators

We analyzed Compass travel data provided by OCFO for the subsequent acting and appointed Region 9 Administrators to gauge the reasonableness of the former Region 9 Administrator's travel to the OC/LA area. We compared the former Region 9 Administrator's travel (see Table 1 above) to travel of the subsequent Region 9 acting Administrator and the current Region 9 Administrator. The purpose of the comparison was to determine whether their travel patterns and trips to the OC/LA area were consistent with the former Region 9 Administrator's travel (see Table 4). Our analysis disclosed that the former Region 9 Administrator's replacements made only seven trips to OC/LA between 2009 and 2011, calling into question whether the travel of the former Region 9 Administrator was essential to performance of the agency mission.

Table 4: Travel to OC/LA by acting and then current Region 9 Administrator

Fiscal Year	No. of trips	Total cost	No. of days in travel	No. of trips to OC/LA	Cost for OC/LA trips	No. of days in OC/LA	Percentage of OC/LA days
2009-2010	24	\$35,605	61	1	\$ 509	1	2%
Subtotal – Acting Regional Admin.	24	35,605	61	1	509	1	2%
2010	25	28,976	42	4	3,316	6	14%
2011	34	29,660	52	2	1,880	3	6%
Subtotal – Current Regional Admin.	59	58,636	94	6	5,196	9	10%
Total	83	\$97,241	155	7	\$ 5,705	10	6%

Source: OIG analysis of EPA Compass data, "Destination" column.

From October 2006 through January 2009, the former Region 9 Administrator expended approximately \$69,000 in travel costs to OC/LA. When these trips are compared to trips of the subsequent Region 9 acting Administrator and the current Region 9 Administrator, it calls into question whether the frequency of the former Region 9 Administrator's travel was a reasonable use of government funds.

The Region 9 staff, who scheduled travel for the former Region 9 Administrator, stated that some claimed expenses were inadvertently made in error, especially for M&IEs. Nevertheless, the former Region 9 Administrator signed the vouchers for reimbursements; so did the approving officials.

Agency Actions

On April 15, 2014, the EPA's Office of Administration and Resources Management and the OCFO issued a report, *2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*, and reported that "Non-supervisory and Subordinate Supervisors Authorized Travel in GovTrip." To correct this deficiency, the OCFO planned to reiterate the approval requirements by April 2014, as well as provide the *Executive Approval Framework* to clarify the appropriate level of approval for EPA executives. On April 24, 2014, the agency issued a memorandum to Senior Resource Officials (SROs) "Implementing Internal Controls Related to Time and Attendance, Travel, Payroll, and Parking and Transit Subsidies," which required all EPA organizations to use the approval framework for executive travel. The *Executive Approval Framework* states that the SRO or the Deputy Regional Administrator is to approve the Regional Administrator's travel.

Recommendations

We recommend that the Chief Financial Officer:

1. Evaluate, after 1 year of implementation, the effectiveness of the EPA's *Executive Approval Framework* (i.e., a subordinate's approval of a superior's travel).
2. Require the CFC to run and review quarterly reports for frequent travelers traveling to the same location, and submit irregularities to the designated position within OCFO for further review.
3. Determine the amount of any ineligible travel expenses to the Los Angeles area, share details, and take appropriate action to obtain repayment from the former Region 9 Administrator.

Agency Response and OIG Evaluation

For Recommendation 1, the agency initially did not concur. The agency stated that the EPA implemented the *Executive Approval Framework* under three guiding principles. One states, "When possible, every employee should have their travel and payroll approved by an individual in their supervisory chain of command." In the case of Regional Administrators, the EPA chose the SRO as the appropriate approval official, even though, within the organization, the SRO is a subordinate of the Regional Administrator. SROs report directly to the

Administrator in resource matters and have independence outside of the organizational chain of command. The EPA believes that the SROs' knowledge of travel requirements, travel subject-matter expertise and independence make them a preferable first line of approval for Regional Administrators. Since the framework has only been in effect since April 2014, the OCFO will validate its effectiveness after an appropriate time of implementation.

Based on the agency's comments, we revised Recommendation 1. On January 12, 2015, the agency agreed with the revised recommendation and later provided a completion date of September 1, 2015. On September 3, 2015, the agency stated that OCFO had mandated that all offices review their compliance with the Executive Framework as part of the FY 2015 Management Integrity process. As a result, 78.26 percent of offices reported they were in compliance with the framework, and 21.74 percent had exceptions with corrective actions planned. In addition, OCFO intends to do its own internal control assessment of the Executive Framework, and the target completion date for the assessment is February 2016. Therefore, the recommendation will remain open pending completion of the proposed corrective action.

For Recommendation 2, the EPA stated that the recommended report for frequent travelers to the same location was being produced as of April 2015. One of CFC's new responsibilities in the revised EPA travel manual—effective April 17, 2015—is to generate and review quarterly reports for frequent travelers to the same location, and submit irregularities to the Financial Policy & Planning Staff for further review. Recommendation 2 is complete.

For Recommendation 3, the agency stated that by April 2016 it will take reasonable and appropriate action to identify and recover ineligible expenses. The agency will share the details of its ineligibility determinations with the OIG. This recommendation will remain open pending completion of the proposed corrective action.

The complete agency response to the discussion draft is in Appendix B. Further discussion of the agency's additional response to our added Recommendation 3 is in Appendix C.

Chapter 3

Internal Control Weaknesses for Employee Travel

Our analysis of randomly selected TVs from October 1, 2007, through May 31, 2013, disclosed that internal controls for employee travel could be improved. We found the following deficiencies:

- Inadequate justification for lodging above per diem.
- Trip reports not always submitted after international travel.
- Vouchers not submitted within the required timeframe.
- Travel card refresher training requirements not in compliance with OMB Circular A-123, Appendix B, Revised, government charge card training requirements.
- Incomplete annual reporting to the GSA on premium class travel.

The EPA is responsible for designing risk management controls, policies, procedures and practices for its travel program that are consistent with the requirements of OMB Circular A-123, Appendix B, Revised. Inefficient implementation of federal and EPA travel policies and controls result in EPA travel dollars being vulnerable to fraud, waste and misuse.

Inadequate Justification for Lodging Above Per Diem

Federal travel regulations permit actual lodging expenses above per diem rates in certain situations. Examples include prearranged situations where a meeting, conference or training session is held, or the temporary duty (TDY) location is subject to a Presidentially-Declared Disaster and an agency has issued a blanket actual expense authorization for the location. Our analysis of randomly selected EPA vouchers from October 1, 2007, to May 31, 2013, noted inadequate justification for approved lodging rates in excess of GSA-allowable rates. Our analysis noted that 32 of 210 trips (15 percent) did not have the adequate justification for lodging costs above per diem rates (see Table 5 below).

Table 5: Vouchers reviewed for lodging per diem rate

Travelers/Trips	No. of trips reviewed	No. of trips with inadequate justification	Percentage of trips with inadequate justification
Senior leaders	144	18	13%
Travel costing more than \$5,000	37	11	30%
Frequent travelers (20 or more trips/year)	29	3	10%
Total	210	32	15%

Source: OIG analysis of EPA travel data, and travel authorizations and vouchers from GovTrip.

Actual Expense Reimbursement Justification

FTR Amendment 2011-03 September 7, 2011, Section 301-11.300 states that the actual expense reimbursement is warranted when:

- (a) Lodging and/or meals are procured at a prearranged place such as a hotel where a meeting, conference or training session is held;
- (b) Costs have escalated because of special events (e.g., missile launching periods, sporting events, World's Fair, conventions, natural disasters); lodging and meal expenses within prescribed allowances cannot be obtained nearby; and costs to commute to/from the nearby location consume most or all of the savings achieved from occupying less expensive lodging;
- (c) The TDY location is subject to a Presidentially-Declared Disaster and your agency has authorized expenses for the location;
- (d) Because of mission requirements; or
- (e) Any other reason approved within your agency.

EPA's travel manual, issued November 14, 1995, Chapter 4 - Temporary Duty Travel Allowances, states the rationale for the actual subsistence:

Employees shall make every effort to secure lodging within the maximum per diem allowable. When instances are justified, actual subsistence expense reimbursement will be authorized to exceed the maximum allowance. Such instances may occur because subsistence expenses have escalated temporarily during special events. Reimbursement on actual subsistence basis must be justified and authorized in advance on the TA, however, the TA may be amended if unforeseen circumstances present themselves.

EPA's travel manual update, effective April 16, 2012, Section V, Prudent Travel Management, states the following regarding actual expenses:

Appropriate travel authorizing officials or designees determine whether to approve actual expenses. Approval must not exceed the maximum percentage allowed in the Federal Travel Regulation. Exceptional situations must exist to receive the maximum per diem for the locality, e.g., increased costs due to special events at the temporary duty location, natural disasters. Approval requires specific notation on the travel authorization.

Both travel manuals require adequate justification for actual expenses. However, supervisors were approving and authorizing actual lodging expense reimbursements without determining whether requests for actual lodging expense were adequately justified. Approving travel authorizations and vouchers with

inadequate justification for the above-per-diem-lodging rates may result in the abuse or waste of taxpayer dollars.

Agency Actions

On April 15, 2014, the EPA's Office of Administration and Resources Management and the OCFO issued a report, *2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*, and reported deficiencies and corrective actions on above per-diem-lodging:

Deficiency 1:

Above-Per-Diem-Lodging Often Not Approved Prior to Travel, and Many Lack Proper Justification.

Corrective Action Planned for Deficiency 1:

Reiterate that prior approval or amended authorization and proper justification is required for above-per-diem-lodging approval via a Chief Financial Officer (CFO) memorandum, and verify through the EPA's A-123 process.

Deficiency 2:

Insufficient Detail or System Controls to Support Justifications for Above Per Diem.

Corrective Action Planned for Deficiency 2:

- a) Phase 1: Communicate requirements to agency via CFO memorandum, and verify through EPA's A-123 process.
- b) Phase 2: New EPA Travel System, Concur, has capability to capture information on per diem hotels available at the time of submission for approver review.

Corrective Action Implemented for Deficiencies 1 and 2:

On April 24, 2014, the EPA's Acting Director, Office of Financial Management, issued a memorandum to the EPA's SROs stating supervisors are required to:

- (1) Approve above-per-diem-lodging *prior* to the employee going on travel.
- (2) Provide proper justification for above-per-diem-expenses.

Additionally, the memorandum requires that approvals and justifications be documented in the EPA's travel system.

According to the agency's update in January 2015, the EPA's current travel system, Concur, has been in effect since October 1, 2014.

Trip Reports Not Always Submitted After International Travel

Our analysis of 98 randomly selected vouchers with international travel from October 1, 2007, through May 31, 2013, determined that 57 international travelers, or 58 percent, did not submit international trip reports (see Table 6 below).

Table 6: Vouchers reviewed for international travel

Travelers/Trips	Vouchers reviewed	No. of vouchers missing trip reports	Percentage of missing trip reports
Senior leaders	58	35	60%
Travel Costing More than \$5,000	17	12	71%
All employees	23	10	43%
Total	98	57	58%

Source: OIG analysis of EPA travel authorizations and vouchers from GovTrip, and travel information from the EPA's Fast International Approval Tracking (FIAT) system.

The EPA's Office of International and Tribal Affairs (OITA) website provides steps on how to prepare a trip report, including:

When you return to the U.S.:

- Attach a copy of your international trip report to your approved International Travel Plan in your organization's FIAT Database within 15 calendar days after you return from official international travel. Failure to submit a trip report may result in disapproval of future international travel.

The EPA's travel manual, issued November 14, 1995, required EPA travelers to submit an international trip report to the then Office of International Activities (currently OITA) within 15 days of returning from official international travel. The trip report should contain a brief summary with all pertinent information relevant to the trip. The submission of the form does not absolve the employee of any requirements, or of submission of detailed reports on the substantive matters discussed and actions contemplated or completed during the trip. When two or more persons are required to attend the same international meeting, only one trip report listing all EPA participants is required. Failure to submit an international trip report is grounds for denying approval of future foreign travel.

According to OITA's staff, there are various reasons why trip reports are not available:

- Though OITA requests trip reports, there is no policy requirement that travelers follow up with a written document. Most travelers send a summary of their trip, but some do not provide a report of any kind.
- EPA travelers occasionally send trip reports separately (in the body of an email, in a Microsoft Word document, etc.), but fail to upload the text into FIAT.
- EPA senior-level staff sometimes provide an oral briefing for staff but do not send a written summary.

The EPA's travel manual update, effective April 16, 2012, states that employees who presently hold a valid official passport must submit to OITA for approval an International Travel Plan at least 21 calendar days prior to the proposed departure. It further states that the International Travel Plan ensures that EPA officials' international travel supports the EPA and U.S. foreign policy goals and priorities.

The lack of trip report submissions affects proper monitoring of international engagements. OITA and other EPA offices need trip reports to avoid unnecessary international trips. Without proper monitoring, the EPA cannot ensure that international trips achieved expected results, are in the best interest of the taxpayer, and are not duplicative of other international trips.

Agency Actions

On April 15, 2014, the EPA's Office of Administration and Resources Management and the OCFO issued a report, *2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*, and reported that "Trip Reports for International Travel Infrequently Submitted." The EPA will require mandatory completion of international travel reports, the EPA's OCFO will communicate the requirement via a CFO memorandum, and OITA will implement processes.

On April 24, 2014, the EPA's acting Director, Office of Financial Management, issued a memorandum to the EPA's SROs stating that employees must submit trip reports in the EPA's FIAT System within 15 days of completion of international travel. The OIG verified that this requirement was included in the EPA travel manual update, effective April 17, 2015.

TVs Not Submitted Timely

Our analysis of 233 randomly selected TVs for the period fiscal year (FY) 2008 to May 31, 2013, determined that 117, or 50 percent, were not submitted within the required timeframe. The number of days late ranged from 6 to 233 (see Table 7 below).

Table 7: Vouchers reviewed for timely submission

Travelers/Trips	TVs reviewed	No. of late vouchers	6-30 days late	31-90 days late	91-150 days late	151-233 days late	Percent of late vouchers
International travel	23	11	6	5	-	-	48%
Senior leaders	144	79	64	10	3	2	55%
Travel costing more than \$5,000	37	21	18	3	-	-	57%
Frequent travelers (20 trips or more per year)	29	6	6	-	-	-	21%
Total	233	117	94	18	3	2	50%

Source: OIG analysis of EPA travel data, TAs and TVs from GovTrip.

The EPA's travel manual policies of November 14, 1995, and April 16, 2012, require travelers to submit a TV within 5 working days of completion of a trip. The CFC staff stated that for some unknown reason some employees pay their credit card bill out-of-pocket and are not in a hurry to be reimbursed.

Agency Actions

On April 15, 2014, the EPA's Office of Administration and Resources Management and the OCFO issued a report, *2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*, and reported that "Travel Vouchers Often Not Submitted Timely." The OCFO has indicated that "In conducting the review of Executive Travel, 44 percent of vouchers were submitted within the required timeframe. The OCFO will conduct a subsequent assessment of the voucher process to determine whether the issue applies to the general agency population. This review will inform the appropriate corrective actions." The estimated completion date is FY 2015.

EPA Travel Card Refresher Training – Lack of Compliance With Requirements of OMB Circular A-123 Government Charge Card Programs

The EPA travel card refresher training requirements were not in compliance with OMB Circular A-123, Appendix B, Revised, *Improving the Management of Government Charge Card Programs*. Until 2012, the EPA did not have a policy that required travel card refresher training every 3 years as required by OMB general training requirements for all charge card programs. The EPA's travel manual update, effective April 16, 2012, discusses the OMB requirement for travel card refresher training every 3 years, but does not specify the required refresher training as an individual employee responsibility. Also, CFC is not tracking employee travel card refresher training as required by the EPA travel manual update, effective April 16, 2012.

OMB Circular A-123 Appendix B, Revised, *Improving the Management of Government Charge Card Programs*, requires all charge card program participants to take refresher training, at a minimum, every 3 years.

The EPA Travel Charge Card Management Plan, created on February 28, 2006, and updated on January 16, 2013, notes, "The EPA's Policy states Refresher training is necessary every three years or when changes in processes occur. Copies of all training certificates are maintained consistent with the EPA records management policies."

The EPA travel manual update, effective April 16, 2012, describes responsibilities of CFC in Office of Financial Services, and states:

- “Obtains and maintains certification from all program participants (travel cardholders) who received initial or refresher travel card training.”
- “Maintains certifications consistent with the EPA records management policies.”

The EPA does not have a travel card refresher training program and relies on training provided by GSA. Currently, each individual office/region has the responsibility to ensure employees are taking the travel card refresher training. CFC staff stated that the current April 2012 travel manual training policy does not include a 3-year refresher as a requirement because (1) the EPA has to negotiate with the union, and (2) the travel card refresher training is not yet up and running in Skillport (the EPA’s online eLearning training tool). The policy will be updated as soon as the travel card refresher training has been finalized.

Agency Actions

On April 15, 2014, EPA’s Office of Administration and Resources Management and the Office of the CFO issued a report, *2014 Internal Control Assessments - Travel, Payroll, Parking and Transit*, and reported that “Travel Card Refresher Training is Not Being Completed.” It stated the corrective action: “The OCFO has developed travel card refresher training, which incorporates GSA travel card refresher material, and is currently exploring methods to deliver the training online through Skillport. This method will allow the agency to track timeliness and completion of staff training.” As of January 2015, the travel card refresher training was in Skillport.

EPA’s Annual Reporting to GSA on Premium-Class Travel Incomplete

The EPA’s FYs 2011 and 2012 annual reporting to GSA on premium-class travel is incomplete and thus inaccurate. Our examination of the information reported by the EPA disclosed that 26 premium-class travel transactions, with a total cost of \$79,408, were not reported to GSA in FYs 2011 and 2012.

At the end of each fiscal year, the EPA’s CFC receives a listing of premium-class travel made by the EPA’s employees from its Travel Management Centers (TMCs) on a Microsoft Excel spreadsheet. In addition, the CFC is also able to obtain the Premium Travel Detail - Segments and/or Premium Travel Detail Report with Prior Period Fare Comparison through TravelTrax, a GSA-owned operating system. GSA populates the system with travel information it receives from the TMCs.

Upon receiving the premium-class travel information from the TMCs at the end of each fiscal year, CFC ensures that it has received approval memorandums for all premium-class travelers, adds a column for the exception code, shows a necessary code for each premium-class travel, and submits it to GSA.

Title 5 U.S.C. 5707(c) sets the requirements for GSA to report to OMB on agency travel spending. This statute is implemented via the agency reporting requirements in FTR 41 CFR Part 300-70. FTR, Part 300-70, Subpart B, establishing the requirement that federal agencies report the use by federal employees while on official business of any other than coach-class transportation accommodation. These reports are required to be sent GSA on an annual basis. If agencies have no premium-class travel to report, then they must file a negative report. The GSA FY 2012 Premium-Class Travel Report Guidelines state:

Agencies must report any and all instances of premium-class accommodations paid for by the government. This includes reporting any premium-class accommodations as part of a multi-leg or multi-segmented trip that was paid for by the government. For multi-leg or multi-segmented trips, the GSA requires agencies to separate and report on each individual leg or segment that was premium-class. Legs or segments that are not premium-class accommodations should not be reported. Travel Exception Codes are used to classify the circumstances of each instance of premium class travel.

The CFC does not reconcile the annual reports to the detail transaction reports to ensure the premium-class travel report is complete and accurate. The CFC contends that such a reconciliation is the responsibility of GSA as it requires the annual reports. However, the CFC should perform its own reconciliation to ensure and provide complete and accurate input for the report to GSA. Currently, the CFC submits premium-class travel reports to the GSA annually without assurance of completeness and accuracy.

Submitting premium-class-travel reports with no assurance of completeness and accuracy negatively affects the EPA's reporting credibility. The costs of premium-class travel reported to GSA from FYs 2011 to 2012 was understated by \$79,408. While TMCs and GSA are responsible for their own roles, the EPA has its role to make the reports complete and accurate, and report discrepancies to TMCs and GSA.

Conclusion

FTR, OMB and EPA travel regulations outline policies and controls to be used by employees who travel using agency funds. Insufficient implementation of current travel policies and internal controls result in EPA travel dollars being vulnerable to fraud, waste and misuse.

Recommendations

We recommend that the Chief Financial Officer:

4. Update the EPA's 2012 travel manual to reflect agency changes for the requirement of justification on approval of lodging above per diem.
5. Update the EPA's 2012 travel manual to reflect agency requirement for mandatory completion of international travel reports.
6. Require each national program manager and region to monitor, at least annually, the completion of international trip reports by its travelers.
7. Reiterate to agency staff via memorandum the requirement to submit vouchers within 5 business days of the completion of travel. This memo should also include consequences and describe potential adverse actions for chronic abusers.
8. Develop a system to formally notify travelers whose vouchers were not submitted within a specified time frame.
9. Complete installation of GSA-equivalent travel training in Skillport, make it accessible to EPA employees, and track training in accordance with OMB Circular A-123, Appendix B, Revised.
10. Update the EPA's travel manual to include that employees are responsible for taking the required refresher training.
11. Update the EPA's travel manual to require the GSA-equivalent travel training in Skillport.
12. Require that CFC reconcile the annual premium-class travel reports from TMCs to the detailed reports populated by the GSA's operating system—TravelTrax—and report any discrepancies to TMCs and GSA.

Agency Response and OIG Evaluation

The EPA agreed to Recommendations 4 through 12, with the exception of Recommendation 6. Recommendation 6 was agreed to after the OIG revised it in accordance with the EPA's proposal.

As of June 29, 2015, the agency has completed corrective actions for Recommendations 4 through 12. The OIG verified the completion of corrective actions. All recommendations have been completed and thus closed.

The complete agency response to the discussion draft is in Appendix B.

Status of Recommendations and Potential Monetary Benefits

Rec. No.	Page No.	RECOMMENDATIONS			Planned/Actual		POTENTIAL MONETARY BENEFITS (in \$000s)	
		Subject	Status ¹	Action Official	Completion Date		Claimed Amount	Agreed-To Amount
1	9	Evaluate, after 1 year of implementation, the effectiveness of the EPA's <i>Executive Approval Framework</i> (i.e., a subordinate's approval of a superior's travel).	O	Chief Financial Officer	2/29/16			
2	9	Require the CFC to run and review quarterly reports for frequent travelers traveling to the same location, and submit irregularities to the designated position within OCFO for further review.	C	Chief Financial Officer	3/31/15			
3	9	Determine the amount of ineligible travel expenses to the Los Angeles area, share details, and take appropriate action to obtain repayment from the former Region 9 Administrator.	O	Chief Financial Officer	4/3/16			
4	19	Update the EPA's 2012 travel manual to reflect agency changes for the requirement of justification on approval of lodging above per diem.	C	Chief Financial Officer	6/2/15			
5	19	Update the EPA's 2012 travel manual to reflect agency requirement for mandatory completion of international travel reports.	C	Chief Financial Officer	6/2/15			
6	19	Require each national program manager and region to monitor, at least annually, the completion of international travel reports by its travelers.	C	Chief Financial Officer	6/2/15			
7	19	Reiterate to agency staff via memorandum the requirement to submit vouchers within 5 business days of the completion of travel. This memo should also include consequences and describe potential adverse actions for chronic abusers.	C	Chief Financial Officer	2/28/15			
8	19	Develop a system to formally notify travelers whose vouchers were not submitted within a specified time frame.	C	Chief Financial Officer	1/6/15			
9	19	Complete installation of GSA-equivalent travel training in SkillPort, make it accessible to EPA employees, and track training in accordance with OMB Circular A-123, Appendix B, Revised.	C	Chief Financial Officer	6/29/15			
10	19	Update the EPA's travel manual to include that employees are responsible for taking the required refresher training.	C	Chief Financial Officer	6/2/15			
11	19	Update the EPA's travel manual to require the GSA-equivalent travel training in SkillPort.	C	Chief Financial Officer	6/2/15			

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned/Actual Completion Date	Claimed Amount	Agreed-To Amount
12	19	Require the CFC reconcile the annual premium-class travel reports from TMCs to the detailed reports populated by the GSA's operating system—TravelTrax—and report any discrepancies to TMCs and GSA.	C	Chief Financial Officer	2/27/15		

¹ O = Recommendation is open with agreed-to corrective actions pending.
C = Recommendation is closed with all agreed-to actions completed.
U = Recommendation is unresolved with resolution efforts in progress.

Details on Scope and Methodology

To determine whether the EPA has adequate controls over employees in travel status, we obtained travel data for EPA employees for the audit period October 1, 2009, through May 31, 2013.

We spot checked expenditure amounts to the vouchers in GovTrip to obtain assurance over the reliability of data. We used Interactive Data Extraction Analysis software for random sampling except judgmental sampling for premium class travel.

To determine what controls are required for EPA employees who travel, we reviewed FTR Chapters 300 and 301; the EPA travel manual issued November 14, 1995, and updated April 16, 2012; and OMB Circular A-123, Appendix B, Revised.

We interviewed an official from the OCFO Office of Financial Services to gain an understanding of internal controls and the policy for premium class travel. We judgmentally selected samples for premium-class travel to determine whether required documentation was provided and approved for using premium-class travel. We assessed whether CFC's annual premium-class travel reports were complete and accurate by verifying them to supporting detail transactions.

OITA staff were interviewed to gain an understanding of OITA's role and the implementation of internal controls on international travel. We evaluated randomly selected international travel vouchers for lodging above per diem rates and timely voucher submission. We also determined whether the required trip reports were submitted after travel. We contacted CFC staff, Region 9 Comptroller's Office staff, and the Region 1 Comptroller to determine whether the agency's travel card policies and management plan are in compliance with OMB Circular A-123, Appendix B, Revised, and how it is monitored.

We judgmentally selected other travel categories for audit that included travelers who had trips costing over \$5,000 with weekends involved and who had taken more than 20 trips per year. We randomly and separately selected travel vouchers for these two travel categories and evaluated them for lodging above per diem and timely voucher submission.

In response to the request from a member of the Senate Committee on Environment and Public Works for additional work associated with fraud, waste and misuse similar to John C. Beale, we expanded our scope of travel data analysis from October 1, 2006, through May 31, 2013, for senior leaders. We obtained a listing of the EPA senior leaders from the Executive Resources Division of Office of Human Resources and compared the list to the EPA Intranet to confirm it was accurate and complete. We dropped the FY 2007 travel data from our scope, with the exception of the former Region 9 Administrator's data, because the record retention period expired. Our work included examination of travel documents for lodging above per diem rates and multiple trips to the same location. We determined whether required documentation was provided and approved for using premium-class travel, and international travelers submitted the required trip reports after travel. Analyzing multiple trips to the same location of senior leaders led us to the examination of the former Region 9 Administrator's travel.

Due to the former Region 9 Administrator's multiple trips to OC/LA area, we obtained hard copies of all his travel records up to his leaving the EPA on January 16, 2009. Due to the age of travel records, we examined them from FYs 2007 through the last trip ended on January 12, 2009. Eighty-eight trips took place in that period. Unlike our initial intention of examining all of 88 trips, we completed review of 41 trips (47 percent) in detail by the time of the examination stopping point due to time and resources. We interviewed the former Region 9 Administrator, his travel scheduler, and the travel approver to obtain an understanding of the situations or circumstances that necessitated numerous trips to the same destination in the OC/LA area. We compared the former Region 9 Administrator's frequency of trips to the OC/LA area with the frequency of the subsequent acting Region 9 Administrator and the current Region 9 Administrator.

Agency Response to Discussion Draft



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

January 6, 2015

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJECT: Response to Discussion Draft for Project No. OA-FY13-0249 – “*Controls for Travel of EPA Employees,*” dated December 11, 2014

FROM: Jeanne Conklin, Acting Director
Office of Financial Management *Jeanne Conklin*
Stefan Silzer, Acting Director
Office of Financial Services

TO: Michael D. Davis, Director
Efficiency Audits

- **OIG Finding: Immoderate Travel Frequency of Former EPA Regional Administrator**

Agency Response on Factual Accuracy and Conclusions: No comment.

Recommendations: (The OIG made numbering of the recommendations consecutive to be consistent with the report.)

1. Reexamine the appropriateness of the EPA executive approval framework, i.e., a subordinate’s approval of a superior’s travel, and consider, moving approval of travel for Regional Administrators to the Office of General Counsel.

EPA Response: EPA does not concur with this recommendation. EPA implemented the executive approval framework under three guiding principles:

- When possible, every employee should have their travel and payroll approved by an individual in their supervisory chain of command.
- The approver should have knowledge of the items being approved, and the reasonableness thereof (time and attendance, travel).
- The approver should have independence. In addition, the framework has only been in effect since April 2014. After an appropriate time of implementation, OCFO will validate its effectiveness.

- In addition, the framework has only been in effect since April 2014. After an appropriate time of implementation, OCFO will validate its effectiveness.

In the case of Regional Administrators, the EPA chose the Senior Resource Official as the appropriate approval official because SROs meet the majority of the criteria stated above. Though the SRO is a subordinate of the Regional Administrator within the organization, SROs report directly to the Administrator in resource matters and have independence outside of the organizational chain of command.

OGC is not the appropriate office to approve RA travel. Though OGC has organizational independence, it would not have, or be expected to have, knowledge of the day-to-day happenings or programmatic occurrences within each of the EPA regions to determine the reasonableness of travel expenses. RAs have busy and often changing schedules, and OGC is already fully extended in fulfilling its responsibility of providing legal support to the agency. In light of the organizational gap, it would be difficult to ensure that OGC has both the time and information necessary to determine the reasonableness of that travel. Considering that the EPA has ten RAs, such a move would create a substantial workload for OGC, and similar challenges in ensuring that OGC receives sufficient, timely and impartial documentation. A failure to do so could harm the EPA mission while minimally improving travel internal controls.

EPA believes that the SRO's knowledge of travel requirements, travel subject matter expertise, and independence make them a preferable first line of approval for RAs.

2. Require the Cincinnati Finance Center to run and review quarterly reports for frequent travelers to the same location, and submit irregularities to the designated position within OCFO for further review.

EPA Response: EPA agrees with this recommendation. CFC will work with Concur to develop a report that will provide frequent repetitive travel information to the CFC director for review. Plan to implement in second quarter of FY 2015.

- **OIG Finding: Inadequate Justification for Lodging Above Per Diem**

Agency Response on Factual Accuracy and Conclusions: It is unclear from the discussion draft what OIG considers to be an adequate justification for lodging above per diem. EPA assumes that “inadequate justification” is “information from the traveler and/or approver demonstrating that lodging above per diem is required because of one of the reasons referenced in the FTR and/or EPA policy.”

Recommendation:

3. Update the EPA’s 2012 Resource Management Directives System (RMDS) Travel Manual 2550B to reflect agency changes for the requirement of justification on approval of lodging above per diem.

EPA Response: EPA agrees with this recommendation. OCFO will begin updating the Travel Manual 2550B in Spring 2015.

- **OIG Finding: Trip Reports Not Always Submitted After International Travel**

Agency Response on Factual Accuracy and Conclusions: International travel reports are not required in the FTR or other federal regulations, and EPA incorporated these reports as a best management practice to ensure information sharing, as well as a travel internal control.

Recommendation:

4. Update the EPA's 2012 Resource Management Directives System (RMDS) Travel Manual 2550B to reflect agency requirement for mandatory completion of international travel reports.

EPA Response: EPA agrees with this recommendation. OCFO will begin updating the Travel Manual 2550B in Spring 2015.

5. Require OITA to monitor the completion of international travel reports, and report the monitoring results annually to the Regional Administrators and Assistant Administrators, highlighting traveler noncompliance.

EPA Response: EPA does not concur with OIG's recommendation concerning monitoring of international trip reports.

The International Travel Coordinator (ITC) in each NPM and Region has access to FIAT and can run reports from FIAT on an as-needed basis. One standard report available to the ITCs indicates which travelers have completed the required trip reports. EPA proposes amending the recommendation to read:

"Require each NPM and Region to monitor, at least annually, the completion of international trip reports by its travelers."

- **OIG Finding: Travel Vouchers Not Submitted Timely**

Agency Response on Factual Accuracy and Conclusions: The discussion draft fails to take into account that frequent travelers are allowed to submit all voucher once per month, per the FTR.

Recommendations: The OCFO should:

6. Reiterate to agency staff via memorandum the requirement to submit vouchers within five business days of the completion of travel. This memo should also include consequences and describe potential adverse actions for chronic abusers.

EPA Response: EPA agrees with this recommendation, and will issue a memorandum by February 2015.

7. Develop a system to formally notify travelers whose vouchers were not submitted within a specified time frame.

EPA Response: A report has been developed in Concur that can notify travelers of the need to voucher on the fifth day after return from travel and every day thereafter. The report will be turned on by January 12, 2015.

- **OIG Finding: EPA Travel Training Requirement Not Consistent with OMB A-123 Requirements**

Agency Response on Factual Accuracy and Conclusions: The GSA training has been added to Skillport.

Recommendations:

8. Complete installation of GSA-equivalent travel training in SkillPort, make it accessible to EPA employees, and track training in accordance with OMB A-123 Appendix B Revised.

EPA Response: EPA agrees with this recommendation. CFC is working on a way to distribute and track the training since not all agency employees are cardholders and some cardholders have taken the training within the last 3 years. A database will need to be developed to manage the distribution of the training. CFC will begin working with OCFO's Office of Technology Solutions on a proposed solution. An update to the travel policy requiring the training in Skillport will require anyone who has taken it in the last 3 years to retake the training.

9. Update RMDS 2550B Official Travel to include employees are responsible for taking the required refresher training.

EPA Response: EPA agrees with this recommendation. Travel Card training is currently required in RMDS 2550B. The requirement is outlined on page 33. Additionally, RMDS 2550B outlines CFC's and Agency Program Coordinators' responsibility for refresher training. The Travel Policy will be updated to include employee responsibility for travel card training.

10. Update RMDS 2550B Official Travel to require the GSA-equivalent travel training in SkillPort.

EPA Response: EPA agrees with this recommendation. OCFO will begin updating the Travel Manual 2550B in Spring 2015.

- **OIG Finding: EPA's Reporting to GSA on Premium Class Travel is Incomplete**

Agency Response on Factual Accuracy and Conclusions: CFC maintains that the TMCs supply the same information to EPA and the GSA TravelTrax report. Any discrepancy in the information would be trips that GSA does not deem reportable. CFC has and continues to report trips that are missing on either report to their respective owner.

There are several reasons that trip would not be reported to GSA on the premium class travel report. For instance, GSA does not allow the agency to report a trip where the premium class ticket resulted in a fare that was lower than the coach fare.

Recommendation:

- 11.** The CFC should reconcile the annual premium class travel reports from TMCs to the detailed reports populated by the GSA's operating system TravelTrax and report any discrepancies to TMCs and the GSA.

EPA Response: CFC requests the opportunity to examine the data OIG points out as omissions before submitting a formal response to this recommendation.

CONTACT INFORMATION

If you have any questions regarding this response, please contact Lorna Washington, OCFO Audit Liaison on (202) 564-1386.

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Appendix C

Agency Response to Additional OIG Recommendation

On August 27, 2015, the OIG proposed a new recommendation to the agency on the need to recover ineligible cost claimed on the former Regional Administrator's travel vouchers.

The OIG recommended that the Chief Financial Officer determine the amount of ineligible travel expenses to the Los Angeles area, share details, and take appropriate action to obtain repayment from the former Region 9 Administrator.

The agency concurred with the recommendation on September 3, 2015, and stated, "The agency will take reasonable and appropriate action to identify and recover ineligible expenses. The agency will share the details of our ineligibility determinations with the Office of Inspector General. Completion Date: April, 2016."

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