



OFFICE OF THE SECRETARY

The Department Must Strengthen Controls over Premium-class Travel Justification, Approval, and Reporting

FINAL REPORT NO. OIG-15-034-A
AUGUST 6, 2015

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation

FOR PUBLIC RELEASE





August 6, 2015

MEMORANDUM FOR: Ellen Herbst
Chief Financial Officer and Assistant Secretary for Administration

FROM: Andrew Katsaros
Principal Assistant Inspector General for Audit and Evaluation

SUBJECT: *The Department Must Strengthen Controls over Premium-class
Travel Justification, Approval, and Reporting*
Final Report No. OIG-15-034-A

Attached is our final report on the Department's premium-class travel spending between October 1, 2012, and March 31, 2014. We initiated this audit to assess whether the Department has established effective controls over approval, justification, and documentation of premium-class travel in order to comply with the Federal Travel Regulation and applicable laws, regulations, and policies.

We found that (1) premium-class travel was not always properly supported and/or justified, (2) unauthorized officials approved use of premium-class travel, and (3) premium-class travel reported to the General Services Administration was inaccurate and incomplete. As a result, we are making recommendations to improve internal control over the authorization and justification of premium-class travel and to strengthen the Department's oversight and reporting of premium-class travel.

In response to our draft report, the Department agreed with our recommendations and noted that it is working to address them. We have summarized the Department's response and included its entire formal response as appendix D. The final report will be posted on OIG's website pursuant to section 8M of the Inspector General Act of 1978, as amended.

In accordance with Department Administrative Order 213-5, please provide us with your action plan within 60 days of the date of this memorandum. We appreciate the assistance and courtesies extended to us by the Department.

If you have any questions about this report, please contact me at (202) 482-7859 or Rich Bachman, Assistant Inspector General for Audit, at (202) 482-2877.

Attachment



Report In Brief

AUGUST 6, 2015

Background

The General Services Administration's (GSA's) Federal Travel Regulation (FTR) defines premium-class travel as the use of anything other than coach-class accommodations, such as business- or first-class accommodations. The FTR also requires that premium-class travel occur only when the traveler's agency specifically authorizes the use of such accommodations and only under specific circumstances.

To oversee and monitor the Department's use of premium-class travel, the Department established authorization and justification requirements that each traveler must meet prior to using premium-class travel. The Office of Administrative Programs (OAP) Directorate, within the Office of Financial Management, maintains the Department's premium-class travel policy through the Department's *Travel Handbook* and supplemental travel bulletins. In turn, OAP relies on Departmental operating units to properly carry out and execute the established federal and departmental policies when authorizing and justifying premium-class travel.

Why We Did This Review

Federal agencies are required to submit annual reports to GSA outlining their use of premium-class travel. These reports must include the traveler's name, origin and destination, the purpose of travel, and travel costs. The objective of this audit was to evaluate controls over the Department's premium-class travel spending. Specifically, we assessed whether the Department has established effective controls over approval, justification, and documentation of premium-class travel in order to comply with the FTR and applicable laws, regulations, and policies.

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WHAT WE FOUND

Premium-class travel was not properly supported and/or justified. Specifically, for more than half of the instances we reviewed, we found that the Department relied on outdated or incomplete medical documentation or that the operating unit files did not contain the required premium-class travel justifications. We also found travel instances that did not comply with the FTR. As a result, we question whether the additional \$112,164 that the Department spent on the premium-class travel instances we reviewed was warranted.

Unauthorized officials approved use of premium-class travel. For nearly half of the travel instances reviewed, we found that the operating units did not comply with Departmental policy when authorizing premium-class travel.

Premium-class travel reported to GSA was inaccurate/incomplete. The Department's FY 2013 and FY 2014 premium-class travel reports to GSA contained inaccurate information for 49 percent of the travel instances reviewed. In addition, ITA does not have a process for reporting premium-class travel taken by its overseas staff.

WHAT WE RECOMMEND

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Revise relevant Departmental directives, such as Department Administrative Order 215-10, to include policies and procedures on the use of premium-class travel accommodations due to a medical necessity.
2. Develop a standardized training protocol for reasonable accommodation coordinators.
3. Revise the Department's *Travel Handbook* to provide the operating units with clarification on what constitutes an acceptable written justification when using the 14-hour rule for premium-class travel.
4. Revise the *Travel Handbook* to emphasize that a CD-334 is required in every premium-class travel instance at all operating units, as well as documentation to support premium-class travel justifications used (where appropriate).
5. Revise the *Travel Handbook* to identify the Department and operating unit-level officials who may authorize the use of premium-class travel and determine how to handle instances when authorized officials are unavailable.
6. Develop a process for operating units to certify the accuracy of the travel data reported annually to GSA, as well as a process for centralizing operating unit premium-class travel records.
7. Request from the U.S. Department of State periodic reports of the premium-class travel taken by overseas staff and include any premium-class travel in the Department's annual report to GSA.

Contents

Introduction	1
Objective, Findings, and Recommendations	4
I. Premium-class Travel Was Not Properly Supported and/or Justified.....	5
A. Medical Documents Did Not Support the Premium-class Accommodations	6
B. 14-Hour Rule Justifications Did Not Always Comply with FTR and DOC Requirements.....	8
C. Justification for Unavailable Coach-class Accommodations Was Unsupported.....	10
II. Unauthorized Officials Approved Use of Premium-class Travel.....	10
III. Premium-class Travel Reported to GSA Was Inaccurate/Incomplete	11
A. Premium-class Travel Reports to GSA Included Inaccurate and Incomplete Information	12
B. ITA Does Not Report Premium-class Travel Taken by Its Overseas Field Staff ...	13
Recommendations.....	13
Summary of Agency Response and OIG Comments.....	15
Appendix A: Objective, Scope, and Methodology.....	16
Appendix B: Deficiencies by Operating Unit.....	18
Appendix C: Potential Monetary Benefits.....	19
Appendix D: Agency Response	20

*COVER: Detail of fisheries pediment,
U.S. Department of Commerce headquarters,
by sculptor James Earle Fraser, 1934*

Introduction

The General Services Administration's (GSA's) Federal Travel Regulation (FTR) defines premium-class travel as the use of anything other than coach-class accommodations, such as business- or first-class accommodations. The FTR, established to ensure that official travel is conducted responsibly and at minimal administrative expense to the government, mandates that government travelers exercise the same care in incurring expenses that prudent people would if traveling on personal business—and therefore consider the least expensive class of travel that meets their needs. As a result, the FTR requires that premium-class travel occur only when the traveler's agency specifically authorizes the use of such accommodations and only under specific circumstances. Additional criteria may pertain to the allowable conditions noted below.

The FTR permits the use of first-class accommodations only when specifically authorized by the agency, when at least one of the following conditions exists:

- no coach-class accommodations are reasonably available,
- the use of first class is necessary to accommodate a medical disability or other special need,
- exceptional security circumstances require first-class travel, or
- it is required because of agency mission, consistent with the agency's internal guidance.

The FTR authorizes business-class accommodations when at least one of the following conditions exists:

- the use of business class is necessary to accommodate a medical disability or other special need,
- exceptional security circumstances require business-class travel,
- coach-class accommodations on authorized/approved foreign carriers do not provide adequate sanitation or meet health standards,
- regularly scheduled flights between origin/destination points provide only premium class, and this is certified on the travel voucher,
- transportation is paid in full by a nonfederal source,
- travel is to or from a destination outside the continental United States, and the scheduled flight time (including stopovers and change of planes) is in excess of 14 hours,¹

¹ A traveler may use the 14-hour rule to travel via other than coach class when (1) the origin and/or destination are outside the continental United States, (2) the scheduled flight time, including non-overnight stopovers and change of planes, is in excess of 14 hours, and (3) the employee is required to report to duty the following day or sooner.

- the use results in overall cost savings to the government by avoiding additional subsistence costs, overtime, or lost productive time while awaiting coach-class accommodations,
- no space is available in coach-class accommodations in time to accomplish the mission, which is urgent and cannot be postponed, or
- it is required because of agency mission, consistent with the agency's internal guidance.

To oversee and monitor the Department's use of premium-class travel, the Department established authorization and justification requirements that each traveler must meet prior to using premium-class travel. The Office of Administrative Programs (OAP) Directorate, within the Office of Financial Management, maintains the Department's premium-class travel policy through the Department's *Travel Handbook* and supplemental travel bulletins. In turn, OAP relies on Departmental operating units to properly carry out and execute the established federal and departmental policies when authorizing and justifying premium-class travel.

Most Departmental travelers are required to use the Department's travel management service provider, ADTRAV Travel Management (ADTRAV), to make government-related travel arrangements. Exempted travelers include employees of the U.S. Patent and Trademark Office (USPTO) and overseas field employees of the International Trade Administration (ITA). USPTO relies on SatoTravel, while ITA's overseas employees rely on the U.S. Department of State for travel services. ADTRAV, SatoTravel, and the Department of State are required to comply with federal and departmental policies when arranging travel on the behalf of departmental employees.

Federal agencies are required to submit annual reports to GSA outlining their use of premium-class travel. These reports must include the traveler's name, origin and destination, the purpose of travel, and travel costs. In fiscal year (FY) 2013, the Department of Commerce reported 226 premium-class travel instances from eight operating units totaling \$807,946 while, in FY 2014, the Department reported 157 travel instances from five operating units totaling \$683,607.² According to these premium-class travel reports the Department of Commerce submitted to GSA, Commerce employees flying premium class cost taxpayers an additional \$1,094,690 than what it would have cost to fly coach class over that time period. This includes the most significant instances where premium-class travel cost an additional \$9,000 per flight (see table I, next page).

² The FY 2013 instances include the Bureau of Industry and Security (BIS), Census Bureau, ITA, Minority Business Development Agency (MBDA), National Institute of Standards and Technology (NIST), National Oceanic and Atmospheric Administration (NOAA), Office of the Secretary (OS), and USPTO. The FY 2014 instances include the Census Bureau, ITA, OS, NIST, and NOAA.

**Table I. Additional Amounts Paid for Premium-class Travel
by Operating Unit, FY 2013 and FY 2014 (in \$)**

Operating Unit	FY 2013	FY 2014
BIS	20,223	0
Census	29,737	73,361
ITA	264,527	164,695
MBDA	14,968	0
NIST	39,056	88,316
NOAA	37,564	34,857
OS	123,285	161,999
USPTO	42,031	0
Total	571,391	523,299

Source: OIG analysis, based on the Department's FY 2013 and FY 2014 premium-class travel reports to GSA.

Objective, Findings, and Recommendations

The objective of this audit was to evaluate controls over the Department's premium-class travel spending. Specifically, we assessed whether the Department has established effective controls over approval, justification, and documentation of premium-class travel in order to comply with the FTR and applicable laws, regulations, and policies. Details of our audit scope and methodology are in appendix A.

To complete our audit, we reviewed 87 sample items selected from the Department's premium-class travel data provided by ADTRAV and SatoTravel for October 1, 2012, through March 31, 2014. The total number of premium-class travel instances contained in the data provided was 245, with a total cost of approximately \$1,061,875. Details of our samples selected by operating unit can be found in table 2 below.

Table 2. Departmental Premium-class Travel Instances, by Operating Unit (October 1, 2012–March 31, 2014)

Operating Unit	Universe of Premium-class Travel Instances	Premium-class Travel Instances Reviewed
BIS	4	1
Census	21	8
ITA	88	38
MBDA	2	1
NIST	19	4
NOAA	44	12
OS	55	21
USPTO	12	2
Total	245	87

Source: OIG analysis of data received from ADTRAV and SatoTravel

Our audit disclosed that 56 percent of the premium-class travel instances reviewed was not properly supported and/or justified. We also found that the operating units did not comply with Departmental policy when authorizing premium-class travel in 44 percent of the instances reviewed—and that the Department's FY 2013 and FY 2014 premium-class travel reports to GSA contained inaccurate information for 49 percent of the travel instances reviewed. In addition, ITA does not have a process for reporting premium-class travel taken by its overseas staff. The numbers of deficiencies by finding and operating unit are in table 3 (next page) and are discussed throughout this report. (Also, see appendix B for overall percentages of deficiencies, by operating unit.) As a result, we are making recommendations to improve internal control over the authorization and justification of premium-class travel and to strengthen the Department's oversight and reporting of premium-class travel.

Table 3. Number of Deficiencies, by Finding and Operating Unit

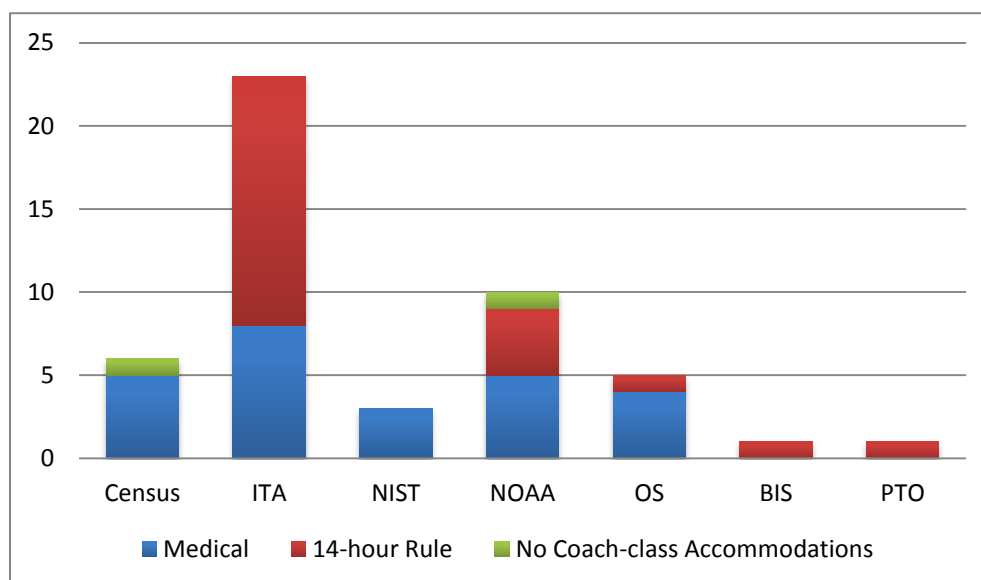
Operating Unit	Finding				
	Medical Documents Did Not Support the Special Accommodation	14-Hour Rule Justifications Did Not Always Comply with FTR and DOC Requirements	Justification for Unavailable Coach-class Accommodations Was Unsupported	Unauthorized Officials Approved Use of Premium-Class Travel	Premium-class Travel Reports to GSA Included Inaccurate and Incomplete Information
BIS	0	1	0	0	0
Census	5	0	1	5	3
ITA	8	15	0	21	22
MBDA	0	0	0	1	0
NIST	3	0	0	1	3
NOAA	5	4	1	9	5
OS	4	1	0	0	8
USPTO	0	1	0	1	2

Source: OIG analysis

I. Premium-class Travel Was Not Properly Supported and/or Justified

We determined that more than half of the 87 premium-class instances we reviewed was not properly supported and/or justified (see figure 1, next page). Specifically, we found that the Department relied on outdated or incomplete medical documentation or that the operating unit files did not contain the required premium-class travel justifications. We also found travel instances that did not comply with the FTR. These internal control weaknesses contributed to improper use of premium-class travel. As a result, we question whether the additional \$112,164 that the Department spent on the premium-class travel instances we reviewed was warranted. We identify various examples of these internal control weaknesses below.

Figure 1. Travel Instances Not Properly Supported and/or Justified, by Operating Unit



Source: OIG analysis

A. Medical Documents Did Not Support the Premium-class Accommodations

Documentation supporting 25 of the 52 medically justified premium-class travel instances, totaling \$74,682, in our sample was not current and/or lacked sufficient information to support the use of premium-class travel.³ The examples noted below demonstrate the lack of support, related to medical documentation, for premium-class travel accommodation.

The Department requires travelers seeking approval of premium-class travel accommodations due to a medical disability or other special need to coordinate with their operating units' reasonable accommodation coordinators (RACs).⁴ According to the Department, when handling reasonable accommodation requests, the RACs follow Department Administrative Order (DAO) 215-10, "Reasonable Accommodation for Applicants with Disabilities." Also, according to the Department, as part of the premium-class travel authorization process, the RAC reviews medical certifications and then advises the traveler's supervisor regarding whether the use of premium-class travel is appropriate.

According to the FTR, travelers may use premium-class travel to accommodate a medical disability or other special need. The FTR requires that a disability must be

³ Monetary amounts are based on the total premium-class fare reported by the Department to GSA. However, not all sample items were properly reported and, as a result, monetary amounts could not be determined for 4 of the 25 flights.

⁴ An RAC is a representative from the human resources office who acts as an impartial advisor and has specific responsibilities as part of the reasonable accommodation process.

certified annually in a written statement by a competent medical authority, while a special need must be certified annually in writing according to Departmental procedures.⁵ Lifelong conditions require only a one-time certification. The premium-class travel requirements outlined in the FTR for medical disability and special need certifications are not included in DAO 215-10. The DAO provides guidelines on the reasonable accommodation process but does not specifically address premium-class travel. Moreover, the documentation supporting the medically justified premium-class travel instances reviewed did not state whether the accommodations were for a medical disability or special need.

To determine whether the traveler qualified for premium-class accommodations for a specific travel instance, we reviewed medical certifications retained by the RACs.⁶ In accordance with the FTR, we considered the medical certifications to be valid for 1 year, unless the certification specified a time frame or stated the accommodation was lifelong. We also determined whether the approved premium-class travel occurred during the time frame covered by the medical certification. We found that, in 19 instances totaling nearly \$52,000, the RAC inappropriately relied on medical certifications that were older than 1 year.⁷ In some of these instances, the RAC also determined the duration of the travelers' conditions, including lifelong, using various methods because the medical certifications did not specify this information, as required by the FTR. For example, we identified the following:

- At the Census Bureau, the RAC did not always request updated medical certifications to cover the period of travel before approving the premium-class travel accommodations. The medical certifications used by the RAC at the Census Bureau were more than 3 years old.
- At ITA, the RAC relied on one traveler's CD-334 form, "Request for Approval of Other Than Coach-class Accommodation," which stated that the traveler had a lifelong medical condition. However, the corresponding medical certification for the stated condition did not specify the duration of the premium-class travel accommodation (e.g., specifically whether the condition was lifelong).
- At the National Institute of Standards and Technology (NIST), the RAC relied on the travelers' self-certified CD-575 forms, "Request for Reasonable Accommodation," to determine that a condition was lifelong, as the medical certifications on file did not specify how long the traveler would require premium-class accommodations. As a result, NIST instead relies on the traveler

⁵ Medical certifications must include at a minimum (a) a written statement by a competent medical authority stating the special accommodation is necessary, (b) an approximate duration of the special accommodation, and (c) a recommendation as to the suitable class of transportation accommodations based on the disability.

⁶ As noted above, the certifications we reviewed did not state whether the accommodations were for a medical disability or special need. However, as DAO 215-10 includes discussion about disabilities—but does not define or include procedures related to a special need as described in the FTR—we assumed all medically justified sample items were medical disabilities.

⁷ Monetary amounts could not be determined for 3 of the 19 flights.

to inform the RAC when premium-class accommodations are no longer required.

- The National Oceanic and Atmospheric Administration (NOAA) RAC relied on internet searches—including one from 2008, which identified a leading medical organization’s definition of a traveler’s condition—to determine whether the condition was lifelong, because the duration of the accommodation was not identified on the corresponding medical certification.

In addition, six Departmental premium-class travel instances were unsupported or inadequately supported by medical certifications. Specifically, we found the following:

- In four instances at the Department’s Office of General Counsel, there were no medical certifications on file during our audit. The in-house designated RAC stated that medical certifications were discarded after 1 year for these travel instances. As a result, we could not confirm that the travel instances totaling nearly \$20,000 were medically justified.
- In one instance at NOAA, the medical certification was an e-mail sent directly to the traveler from a questionable e-mail address. However, the RAC did not provide evidence of inquiries about its legitimacy and accepted it as support for the traveler’s request to use premium-class travel indefinitely.
- In one instance at ITA, the traveler flew premium-class for a flight that was half of the minimum number of in-flight hours required by the medical certification. The limitations outlined in the medical documentation were not included in the RAC’s documentation provided to the traveler’s approving officials.

As a result, we question whether the use of premium-class travel and the increased costs of \$55,648 should have been approved. (See appendix C for a table listing these and other potential monetary benefits.)

In summary, 25 of the 52 (48 percent) medically-justified premium-class travel instances in our sample were not adequately supported, demonstrating that Departmental reasonable accommodation policies and procedures do not describe requirements directly related to the premium-class travel approval process. As a result, RAC responsibilities are unclear and their processes vary by operating unit. Also, controls are not in place to ensure that the RAC requires travelers to submit complete and current medical documentation. The Department should prescribe standard procedures and specific documentation requirements for RACs to follow when approving premium-class travel accommodations.

B. 14-Hour Rule Justifications Did Not Always Comply with FTR and DOC Requirements

Review of documentation supporting 22 of the 31 travel instances in our sample justified by the “14-hour rule” disclosed that the operating units did not always comply with the FTR or the Department’s premium-class travel justification requirements. Specifically, we found that operating units did not properly justify travelers’ need for premium-class travel or provide evidence that travelers were required to report for duty the following

day or sooner. We were also unable to confirm that scheduled flight times exceeded 14 hours in some instances. Consequently, we determined that the 22 travel instances totaling \$85,131 did not meet the 14-hour requirements and question the additional travel costs incurred by the Department.⁸

The FTR permits the use of premium-class accommodations justified by the 14-hour rule when (a) the origin and/or destination are outside the continental United States, (b) the scheduled flight time is in excess of 14 hours,⁹ and (c) the traveler is required to report for duty the following day or sooner. To use premium-class travel under the 14-hour rule, a traveler is required by the Department's Travel Bulletin # 04, FY 2012, to justify not commencing travel early enough to provide for a rest stop en route or a rest period upon arrival¹⁰ at the destination. One such justification could include a cost analysis showing that such rest periods are more expensive than flying premium class. To limit the use of premium-class travel, the Department also requires a justification when travelers use premium-class travel for return flights; specifically, travelers must justify why their immediate return to their official duty station is critical to the Department's mission.

Review of the sample documentation disclosed the following:

- In 13 instances totaling \$53,755, there was no justification for why travel did not commence early enough to provide for rest stop en route or a rest period upon arrival at the destination.
- In 7 instances totaling \$21,879, there was no justification as to why the traveler's return flight was critical to the Department's mission.
- In 2 instances totaling \$9,497, an itinerary was not provided; therefore, auditors could not determine whether the scheduled flight was in excess of 14 hours.

Moreover, in 5 of the 22 instances, the travel ended on a Friday or Saturday and there was no evidence that the travelers were required to report for duty the following day or sooner.

In summary, the 14-hour rule requirements were not met because the Department's policy is unclear, as it does not outline what constitutes an acceptable written justification. Additionally, one operating unit considers the information they provided in the CD-334 form, "Request for Approval of Other Than Coach-class Accommodations," sufficient to meet the Department's requirements.

⁸ Monetary amounts are based on the total premium-class fare reported by the Department to GSA; however, not all sample items were properly reported. As a result, monetary amounts could not be determined for 5 of the 22 flights.

⁹ Calculated scheduled flight time includes non-overnight stopovers and change of planes.

¹⁰ A rest period or rest stop is an interval of rest at either an intermediate point en route or at the official temporary duty location, allowing for appropriate overnight lodging, and does not exceed 24 hours.

Ultimately, we determined that 22 of the 31 travel instances (71 percent) in our sample justified by the 14-hour rule did not meet the 14-hour rule requirements outlined in the FTR and Department's policies. We also question whether the use of premium-class travel and the increased costs of \$56,160 should have been approved.¹¹

C. *Justification for Unavailable Coach-class Accommodations Was Unsupported*

Two of the sample items reviewed used premium-class travel because no coach-class accommodations were reasonably available. One flight was from New York City to Paraguay while the other was a flight within South Korea. The reported difference between economy and premium fares for these flights was only \$356.¹² According to the FTR, no coach-class accommodations are "reasonably available" when no such coach-class flights available on an airline scheduled to leave within 24 hours of the proposed departure or arrival time for either flight. As previously discussed, the FTR requires government travelers to exercise the same care in incurring expenses that a prudent person would if traveling on personal business and consider the least expensive class of travel that meets their needs.

Review of the documentation supporting the two travel instances disclosed no evidence that coach-class accommodations were unavailable or that ADTRAV and the traveler sought alternative airlines, routes, travel dates, or means of transportation, even though the travel was booked more than 30 days in advance.¹³ This occurred because current Departmental policies do not require operating units to provide or retain such supporting documentation, nor are units required to provide or retain evidence that the travel was urgent and could not be postponed. Consequently, the Department could not demonstrate whether the premium-class flights were allowable in accordance with the FTR—or that the travelers exercised prudent decision making in their use of government funds given the length of advanced booking and lack of sufficient documentation. As a result, we question the additional \$356 in costs according to the Department's premium-class travel report to GSA.

II. *Unauthorized Officials Approved Use of Premium-class Travel*

For nearly half of the travel instances reviewed, we found that the operating units did not comply with Departmental policy when authorizing premium-class travel. Prior to booking premium-class travel, all travelers must receive authorization by completing the CD-334 form, "Request for Approval of Other Than Coach-Class Accommodations." The CD-334 requires information about the traveler and the travel itinerary, as well as a detailed justification and a cost breakdown outlining the additional cost of premium-class over coach-class accommodations.

¹¹ For details on the costs we question here, see footnote 8.

¹² As noted in finding III, the Department could not adequately support values it reported to GSA.

¹³ One sample item was from Census, while the other was from NOAA.

According to the Department's Travel Bulletin # 04, FY 2012, the chief operating officers (COOs), chief financial officers (CFOs), or equivalents, with no authority to delegate further, must pre-approve the CD-334. Moreover, the CFO/Assistant Secretary for Administration (ASA) must authorize and approve premium-class accommodations for all Office of the Secretary (OS) employees, secretarial officers, and heads of operating units that report directly to the Secretary of Commerce.

Travel documentation supporting the 87 sample items disclosed that, in 38 instances, the operating units did not complete or obtain proper authorization on the CD-334. Specifically, we found the following:

- The Census Bureau does not require a completed CD-334 in instances where the traveler has an identified lifelong medical condition.
- The COO, CFO, or equivalent did not always sign the CD-334s at NIST and ITA. At ITA specifically, it is a standard but improper practice for the COO, CFO, or equivalent to delegate this authority.
- USPTO travelers use an e-Travel system to review and approve premium-class travel, instead of the CD-334 form, and for one travel instance, the COO, CFO, or equivalent did not sign the document approving premium-class travel.
- NOAA did not update its travel policy to align with the requirements in Travel Bulletin # 04 until October 2014; therefore, the COO, CFO, or equivalent did not sign the CD-334s for NOAA travelers.
- OS does not have a process in place for when the CFO/ASA is unavailable to authorize premium-class travel requests.

As a result, nearly half of the premium-class travel instances reviewed was improperly authorized. This leads us to conclude that operating units have not established proper internal controls over their premium-class travel approval process and, until this is addressed, will continue to improperly approve premium-class travel.

III. Premium-class Travel Reported to GSA Was Inaccurate/Incomplete

The FTR requires that federal agencies annually report the premium-class travel accommodations taken by their employees to GSA. Documentation from the operating units disclosed that the Department's FY 2013 and FY 2014 premium-class travel reports to GSA contained inaccurate information and omitted some premium-class flight segments for 43 of the 87 sample items reviewed. We also found that ITA does not have a process for reporting premium-class travel taken by its overseas staff. Consequently, the Department does not have an accurate process for monitoring and reporting its use of premium-class travel, leading us to question whether the Department is effectively managing premium-class travel and related funds.

A. Premium-class Travel Reports to GSA Included Inaccurate and Incomplete Information

By comparing itineraries and premium-class travel request forms with the Department's FY 2013 and FY 2014 premium-class travel reports to GSA, we found 50 errors in 43 of the 87 samples selected. Specifically we found the Department reported inaccurate information and/or omitted premium-class flight segments. In FY 2013 and FY 2014, GSA required agencies to report on individual premium-class flight segments of trips taken by its employees. For example, if a traveler flew from Washington, DC, to New York City in coach class and then took a connecting flight to Dubai in premium class, the agency was required to report details associated with the New York City-to-Dubai segment of the trip to GSA.¹⁴ Specifically, we found the following:

- 12 occurrences where one or more of the required data elements reported were inaccurate.
- 16 occurrences where flights were reported by trip, not by segment.
- 6 occurrences where one premium-class flight segment was not reported.
- 7 occurrences where a flight segment that did not occur or a coach-class segment that occurred was included in the report.
- 4 occurrences where none of the premium-class segments of the trip were reported.
- 3 occurrences where one flight segment was double reported.
- 2 of the occurrences where a proper itinerary was not on file. As a result, in one instance, the Department could not determine whether the trip was accurately reported, while in the other occurrence the Department could not determine whether the trip should have been reported.

Consequently, the Department reported incorrect and incomplete data to GSA in FY 2013 and FY 2014. Discussions with operating unit officials disclosed that the Department lacked clear guidance regarding operating units' responsibility to validate information before reporting to GSA. Moreover, the Department did not require the operating units to certify the accuracy of employee travel data, which are not always maintained centrally by the operating units, as required by the *Travel Handbook*. Going forward, the Department should develop a formal validation and certification process that outlines roles and responsibilities of all parties involved to ensure the accuracy of information reported to GSA.

¹⁴ The data elements required to be reported in FY 2013 and FY 2014 were: agency trip ID; traveler name; trip origin; trip destination; travel origination date; exception code (i.e., justification for using premium class); travel purpose code; premium fare paid (for the segment reported); and coach fare (the equivalent GSA city-pair fare or the lowest coach-class fare). A flight segment is one nonstop flight between two cities. A trip consists of one or more flight segments from origin to final destination.

B. ITA Does Not Report Premium-class Travel Taken by Its Overseas Field Staff

ITA has staff located throughout the world, and all of the overseas field staff must use the Department of State's travel management provider when booking travel. Discussions with State and ITA officials disclosed that neither report premium-class travel for ITA's overseas field staff to GSA—a fact neither entity was aware of until our audit. During our audit, we noted that ITA overseas staff took premium-class travel flights during FY 2013. As a result, the Department of Commerce's report to GSA for FY 2013 was inaccurate, which demonstrates ITA's lack of proper premium-class travel oversight and accountability for accurately reporting all travel to the Department.

Department officials informed our office that they are planning to implement an electronic travel system in the near future that will allow all employees, whether domestic or overseas, to book travel using the same mechanism, without having to go through another agency's travel management office. Through this system, the Department's and each operating unit's travel management office will be able to access files for all travel taken by its employees, regardless of their physical location. However, until the system is implemented, the Department and ITA need to take steps to ensure that premium-class travel taken by overseas staff is properly monitored and reported to GSA.

Recommendations

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Revise relevant Departmental directives, such as DAO 215-10, to include policies and procedures that all operating unit RACs must follow when coordinating with a traveler's supervisor on the use of premium-class travel accommodations due to a medical necessity. The directives should specifically address:
 - (a) requests for premium-class travel accommodations when the traveler has a medical disability,
 - (b) requests for premium-class travel accommodations when the traveler has a special need,
 - (c) elements required to be contained in medical certification statements, including those mandated by the FTR,
 - (d) updates to certifications based on the duration of the condition (transitory or lifetime), and
 - (e) documentation of RACs analysis regarding appropriateness of premium-class travel accommodations, as well as rationale or basis for decision.
2. Develop a standardized training protocol for RACs to (a) educate them on the revised policies and procedures and (b) provide implementation guidance to ensure that operating unit RACs obtain FTR-compliant certifications, as well as document

the basis for each decision made regarding the appropriateness of premium-class travel accommodations.

3. Revise the *Travel Handbook* to provide the operating units with clarification on what constitutes an acceptable written justification when using the 14-hour rule for premium-class travel, including a comprehensive list of FTR and Department requirements that must be met and supported to justify the use of premium-class travel.
4. Revise the *Travel Handbook* to emphasize that a CD-334 is required in every premium-class travel instance at all operating units, as well as documentation to support premium-class travel justifications used (where appropriate).
5. Revise the *Travel Handbook* to identify the Department and operating unit-level officials who may authorize the use of premium-class travel and determine how to handle instances when authorized officials are unavailable.
6. Develop a process for operating units to certify the accuracy of the travel data reported annually to GSA, including roles and responsibilities of all parties involved, and a process for centralizing operating unit premium-class travel records.
7. Request from the U.S. Department of State periodic reports of the premium-class travel taken by overseas staff and include any premium-class travel in the Department's annual report to GSA.

Summary of Agency Response and OIG Comments

We reviewed the Department's response, included in appendix D. Overall, the Department concurs with the findings and recommendations in the report. Its response lists several ways the Department is currently revising pertinent policies and procedures, as well as collaborating with the Department of State to improve overseas premium-class travel data reported to the General Services Administration. We look forward to reviewing the Department's corrective action plan.

Appendix A: Objective, Scope, and Methodology

The objective of our audit was to evaluate controls over the Department's premium-class travel spending, specifically, the Department's controls over approval, justification, and documentation of premium-class travel transactions. Our audit focused on premium-class travel that occurred between October 1, 2012, and March 31, 2014. To accomplish our objective, we:

- Reviewed the Federal Travel Regulation; Department Administrative Order 215-10, "Reasonable Accommodation for Employees or Applicants with Disabilities"; the Department's *Travel Handbook* (June 2008); Travel Bulletin # 14, FY 2011; Travel Bulletin # 04, FY 2012; Travel Bulletin # 05, FY 2012; and Travel Bulletin # 02, FY 2014, as well as operating unit travel policies and procedures.
- Interviewed officials from the Department's Office of Administrative Programs Directorate (OAP), Bureau of Industry and Security, Census Bureau, International Trade Administration, Minority Business Development Agency, National Institute of Standards and Technology, National Oceanic and Atmospheric Administration, Office of the Secretary, and U.S. Patent and Trade Office. We also interviewed officials from ADTRAV Travel Management (ADTRAV), the U.S. Department of State (State), and the General Services Administration (GSA).
- Reviewed the documentation used to support the sampled premium-class travel instances, including:
 - CD-334 *Request for Approval of Other Than Coach-Class Accommodations* forms, travel orders, travel vouchers, travel itineraries, and receipts provided by the operating units.
 - CD-575 *Request for Reasonable Accommodations* forms and medical certifications provided by the RACs.
 - FY 2013 and FY 2014 premium-class travel reports submitted to GSA by OAP.
 - premium-class travel data from ADTRAV and SatoTravel.

To select our sample of 87 premium-class travel instances, we obtained the Department's premium-class travel reports from ADTRAV and Sato for October 1, 2012, through March 31, 2014. In consultation with our Data Analytics team, we combined flight segments so that sample units included complete trips.¹⁵ The total number of premium-class travel instances was 245. We then randomly selected 53 out of 245 premium-class travel instances. We also

¹⁵ For example, a trip from Washington, DC, to San Francisco and then to Beijing became Washington, DC, to Beijing.

selected 34 additional travel instances based on identified anomalies in the ADTRAV and Sato reports, including weekend flights and travelers who used multiple premium-class justification codes.

We evaluated the reliability of the Department's premium-class travel data provided from ADTRAV and SatoTravel by comparing them to evidence obtained from the operating units for selected premium-class travel instances. Although we identified internal control deficiencies related to premium-class travel justification and approval, we were able to confirm that all premium-travel instances selected for review did occur or were properly canceled. Thus, we deemed the data provided by ADTRAV and SatoTravel sufficiently reliable for use in our audit. However, we were unable to validate the completeness of the data provided by ADTRAV and SatoTravel because some operating units do not maintain centralized records of authorized premium-class travel, as required by the *Travel Handbook*. In addition, we were unable to validate all of the premium-travel fares reported in the GSA report, because the travel itineraries did not always separately identify the specific cost of a premium-class travel segment(s) of a trip.¹⁶

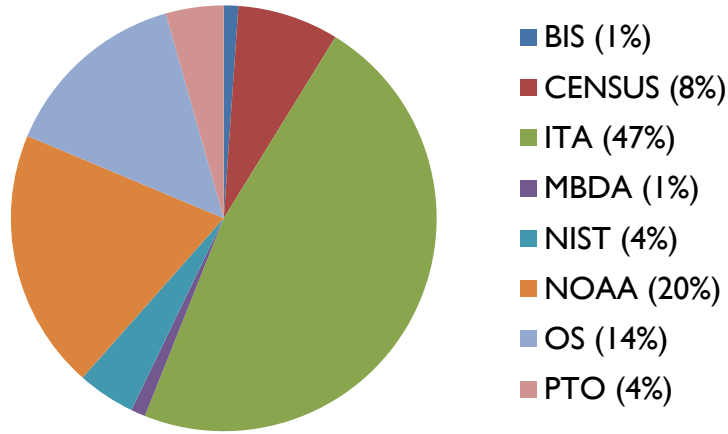
To review internal controls and compliance with regulations significant within the context of our audit objectives, we interviewed OAP, operating unit, GSA, State, and ADTRAV officials and examined the FTR and the Department's premium-class travel authorizing policies and procedures. We also reviewed documentation to determine whether selected premium-class travel instances were properly authorized and justified. We found that corrective actions are needed to improve internal controls and ensure compliance with the FTR and Department policies, as discussed in this report.

We conducted this audit from May 2014 through January 2015 at Department headquarters in Washington, DC, under the authorities of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, April 26, 2013. We conducted this audit in accordance with generally accepted government auditing standards. We complied with those standards that 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.

¹⁶ The GSA report is based on the premium-class travel data from ADTRAV and Sato subject to review and verification by the operating units.

Appendix B: Deficiencies by Operating Unit

Figure B-1. Overall Percentage of Deficiencies, by Operating Unit



Source: OIG analysis

Appendix C: Potential Monetary Benefits

Premium-class Travel Justification	Finding Number	Unsupported Costs ^a
Medical Necessity	I.A	\$55,648
14-hour Rule	I.B	\$56,160
Coach-class Unavailable	I.C	\$356
TOTAL		\$112,164

Source: OIG analysis

^a Amounts reported to GSA.


Appendix D: Agency Response



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

JUL 24 2015

MEMORANDUM FOR: Andrew Katsaros
Principal Assistant Inspector General for Audit and Evaluation

FROM: Ellen Herbst 
Chief Financial Officer
and Assistant Secretary for Administration

SUBJECT: Comments on Draft Report Entitled, "*The Department Must Strengthen Controls Over Premium-class Travel Justification, Approval, and Reporting*"

We appreciate the opportunity to respond to the draft audit report from the Office of Inspector General (OIG) entitled "*The Department Must Strengthen Controls Over Premium-class Travel Justification, Approval, and Reporting*," issued on June 30, 2015.

The Department concurs with the findings and recommendations noted in the report. We are working to revise departmental directives to include policies and procedures for all reasonable accommodation coordinators (RACs) to follow when coordinating with a traveler's supervisor on the use of premium-class travel due to a medical necessity and to develop a standard training protocol for RACs based on the revised policies and procedures. In addition, we are revising the Travel Handbook, in collaboration with the operating units, to enhance requirements for supporting justification and documentation for all premium class travel. We have also engaged with the Department of State to obtain reports of premium-class travel taken by overseas staff to include in the annual Premium-Class Travel Report to the General Services Administration (GSA) and are developing a process for the operating units to certify the accuracy of the data reported to GSA.

Thank you for the opportunity to provide comments. If you have any questions or comments, please feel free to call Gay Shrum at 202-482-1058.

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