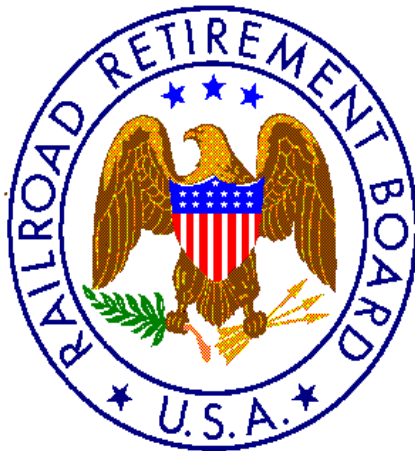


# OFFICE OF INSPECTOR GENERAL

## Audit Report

### Railroad Retirement Board Did Not Always Comply with the Federal Travel Regulation

Report No. 17-04  
April 11, 2017



**RAILROAD RETIREMENT BOARD**

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## EXECUTIVE SUMMARY

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### **Background**

The Office of Inspector General (OIG) of the Railroad Retirement Board (RRB) conducted this performance audit to determine if the RRB complied with the Federal Travel Regulation (FTR) and implemented and enforced adequate internal controls.

### **Key Findings**

Our audit determined that the RRB did not always comply with the FTR because internal controls were not always enforced or adequate.

The OIG identified the following:

- RRB's approval and authorization controls were not adequate and not always enforced;
- travel cards were not always issued, used, or deactivated in compliance with the FTR; and
- controls over travel expenses need improvement.

### **Key Recommendations**

To address the identified weaknesses, we made 19 recommendations related to improving, strengthening, enforcing, and conducting training on the RRB's travel policies and procedures, and made recommendations to conduct training on the FTR and the RRB's travel management system.

### **Management's Response**

RRB management concurred with 12 recommendations, partially concurred with 1 recommendation, and did not concur with 6 recommendations. For the recommendations with which it concurred, RRB indicated target completion dates of September 2018, which we note is an extensive timeframe given many of the recommendations relate to policy and procedure updates. The full text of management's response is included in this report as Appendix III, and a detailed description of management's response to each recommendation and our comments are incorporated throughout this report.

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## INTRODUCTION

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This report presents the results of the Office of Inspector General's (OIG) audit of the Railroad Retirement Board's (RRB) compliance with the General Services Administration's (GSA) Federal Travel Regulation (FTR).

### **Background**

The RRB is an independent agency in the executive branch of the United States government. The mission of the RRB is to administer retirement, survivor, unemployment, and sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. The RRB also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act and the Internal Revenue Code.

The RRB is headed by three presidentially appointed Board Members, the Chairman, the Labor Member, and the Management Member.<sup>1</sup> Each Board Member has their own staff office located at RRB headquarters. These three offices are collectively referred to as the Board offices. The RRB is comprised of these Board Offices, other bureaus and offices within headquarters, and field service offices located throughout the United States.

Some travel at the RRB is considered temporary duty (TDY) travel, when an employee is required to travel, for business purposes, away from their official duty (work) location. Official travel at the RRB includes travel between the RRB's headquarters and field service offices (site visits), meetings with rail industry representatives and other government agencies, and attendance at various conferences and training. See Table 2 in this report for a summary of RRB travel by type for calendar years 2010 through 2015.

The RRB has a contract with the GSA. As part of this contract, the RRB has a task order with CW Government Travel, Inc. for the electronic travel management system called E2 Solutions (E2). E2 is a web-based system that allows for authorization of travel, approval of travel expenses, and reimbursement to the traveler through integration with the RRB's financial system, Financial Management Integrated System (FMIS).

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<sup>1</sup> The Chairman of the Board has been vacant since the retirement of the Chairman on August 31, 2015.

When it is determined that travel is required, the traveler completes a travel authorization in E2, which includes the anticipated destination, dates, and expenses. The travel authorization is submitted electronically via E2 to the traveler's approving official, in most cases a supervisor or manager in the traveler's bureau or office. After travel has occurred, the traveler prepares a travel voucher in E2 for reimbursement of travel expenses. The travel voucher allows for modifications to the travel authorization for actual expenses incurred during the trip. The travel voucher is also submitted electronically to the traveler's approving official and then to the RRB's Bureau of Fiscal Operations (BFO) for an additional review and payment approval. This approval will allow the travel voucher to be transferred to FMIS for payment, if applicable.

The GSA's FTR provides standards for TDY travel for all government employees.<sup>2</sup> In general, the FTR requires travelers to exercise the same care in incurring expenses as a prudent person traveling on personal business. Authorized expenses usually include transportation, per diem allowance (a daily payment instead of actual expenses for lodging, meals, and related incidental expenses), and other miscellaneous costs. The RRB has issued policies and procedures to further describe and implement specific requirements pertaining to TDY travel.

In addition to the FTR, the GSA administers the City Pair Program (CPP). The CPP offers contract fares (city pair fares) with airlines that are lower than comparable commercial fares, which allows savings for the Federal government. The benefits of using the CPP are that the city pair fares do not have blackout periods, advance purchase requirements, or minimum or maximum stay requirements. Additionally, city pair fares are priced one-way, to allow for multiple destinations, and are fully refundable if changes or cancellation is necessary. Contract carriers are airlines that offer established city pair fares as part of the CPP. The FTR requires the use of city pair fares unless one of the limited exceptions is met; these exceptions are discussed in detail later in this report.

RRB employees that travel six or more times annually are issued government travel cards (travel cards) through Citibank for costs associated with government travel. The responsibility of developing and maintaining internal policies and procedures lies with the RRB's BFO and Office of General Counsel for TDY travel and with the RRB's Office of Administration (OA) for the travel card. The principal office responsible for administrative functions in E2 is the OA.

One of the RRB's strategic goals is to serve as responsible stewards for the customers' trust funds by ensuring that trust fund assets are protected, collected, recorded, and reported appropriately. This audit supports the RRB's efforts in meeting that goal.

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<sup>2</sup> General Services Administration Office of Governmentwide Policy, *Federal Travel Regulation* (Washington, D.C.: January 2004).

## Audit Objective

The audit objective was to determine if the RRB complied with the FTR and implemented and enforced adequate internal controls.

## Scope

The scope of the audit was TDY travel completed by RRB employees between calendar years 2010 and 2015 (January 1, 2010 to December 31, 2015). Throughout this six-year period, 3,489 trips were completed for a total cost of approximately \$3.2 million. The number of trips, types of trips, and total expenditures are presented in Table 1 and Table 2. This audit did not assess the appropriateness or business need of specific trips and, as such, we did not report on this matter in this audit. However, the OIG is conducting ongoing work in this area.

**Table 1: TDY Travel by Office at the RRB from Calendar Years 2010 to 2015**

Office	No. of Travelers	Percent of Total Travelers	No. of Trips	Percent of Total Trips <sup>a</sup>	Total Travel Expenses	Percent of Total Expenses
Board Offices	30	6%	736	21%	\$900,432	28%
Headquarters	292	55%	923	26%	\$1,003,174	31%
Field Service Offices	208	39%	1,830	52%	\$1,335,461	41%
<b>Totals</b>	<b>530</b>	<b>100%</b>	<b>3,489</b>	<b>100%</b>	<b>\$3,239,067</b>	<b>100%</b>

<sup>a</sup> Does not sum due to rounding.

**Table 2: TDY Travel Types at the RRB from Calendar Years 2010 to 2015**

<b>Trip Type<sup>a</sup></b>	<b>No. of Trips</b>	<b>Total Trip Expenses</b>
Conference (other than those listed below) <sup>b</sup>	839	\$690,478
Site Visit <sup>c</sup>	906	\$686,190
Training <sup>d</sup>	544	\$664,015
Meeting (other than those listed below) <sup>e</sup>	385	\$358,686
Hearing <sup>f</sup>	162	\$142,503
Other Union Meeting/Conference	112	\$124,878
Meeting/Conference of the Transportation Trades Department of the American Federation of Labor and Congress of Industrial Organizations (TTD, AFL-CIO)	68	\$100,809
Miscellaneous <sup>g</sup>	74	\$66,135
Meeting/Conference of the American Short Line and Regional Railroad Association (ASLRA)	60	\$62,885
Meeting/Conference of the Brotherhood of Locomotive Engineers and Trainmen (BLET)	44	\$60,443
Meeting with Government Agencies	65	\$57,646
Meeting/Conference of the Cooperating Rail Labor Organizations (CRLO)	18	\$56,611
Meeting/Conference of the United Transportation Union (UTU)	49	\$56,312
Railroad Meeting	77	\$49,938
Other Association Meeting/Conference	28	\$20,785
Meeting/Conference of the Association of American Railroads (AAR)	28	\$19,140
Meeting/Conference of the National Railroad Retirement Investment Trust (NRRIT)	26	\$15,439
Meeting/Conference of the Academy of Rail Labor Attorneys (ARLA)	4	\$6,174
<b>Total</b>	<b>3,489</b>	<b>\$3,239,067</b>

<sup>a</sup> To categorize travel for the table above, we assessed two user-generated fields in E2: (1) Trip Type and (2) Trip Description. Because this is a user-generated description, varying levels of detail were provided and we could not always determine the specific purpose of the travel. Therefore, the total figures presented in Table 2 are a result of the OIG's review and summarization of the two aforementioned fields in E2.

<sup>b</sup> Traveler indicated they attended a conference, seminar, summit, symposium, forum, annual meeting, or an informational conference.

<sup>c</sup> Travel to and from RRB headquarters and field service offices, including centenarian visits, railroad audits, network meetings, job interviews, and travel as part of the RRB's Customer OutReach Program (CORP), which consists of service locations other than field service offices where RRB employees can meet with railroad workers.

<sup>d</sup> Traveler indicated training but did not specify that it was part of a conference.

<sup>e</sup> Traveler indicated meeting, including field office meetings, Board meetings, contractor meetings, and rail labor meetings.

<sup>f</sup> Traveler indicated they conducted or participated in hearings.

<sup>g</sup> Travel purpose other than those listed here, including award ceremonies, speeches, and various briefings.



## Methodology

To accomplish the audit objective, we:

- identified applicable laws and regulations and related criteria;
- identified RRB policies and procedures related to TDY travel;
- tested compliance with applicable laws and regulations;
- reviewed lists of RRB employees with travel cards, RRB employees designated as approvers in E2, and separated RRB employees;
- tested a statistically valid sample of 150 paid TDY travel transactions of RRB headquarters, including Board offices, and field service offices (see Appendix I for methodology and results);
- tested an additional statistically valid sample of 63 paid TDY travel transactions of RRB Board offices (see Appendix II for methodology and results);
- reviewed TDY documentation, including authorizations, vouchers, E2 information, and expenditure documentation; and
- interviewed RRB staff.

To assess the reliability of the data in E2, we:

- obtained and reconciled two independent files (one file was obtained from the E2 contractor and the other file was obtained from RRB BFO) with travel authorization amounts for RRB travelers, for the calendar years 2010 through 2015;
- compared approved travel vouchers from E2 with the corresponding support documentation; and
- interviewed responsible RRB personnel that are knowledgeable about E2 and its data.

We determined that the data was sufficiently reliable for the purposes of this report.

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

We conducted our fieldwork at RRB headquarters in Chicago, Illinois from December 2015 through January 2017. Audit fieldwork was limited during certain times due to resource requirements of mandated audits.

## RESULTS OF AUDIT

Our audit determined that the RRB did not always comply with the FTR because internal controls were not always enforced or adequate.

To help accomplish the audit objective, we tested a statistically valid sample of 150 travel transactions for RRB employees, to determine if the travel transactions passed a series of compliance tests. An exception is defined as noncompliance with the FTR or RRB policies and procedures, and internal control errors. For example, we tested to determine if lodging or per diem was greater than the GSA rate, if airfare was greater than the city pair fare, if supporting documentation was included as required, and if internal controls over authorizations and approvals were adequate. See Appendix I for further details of our testing methodology and results. The results of these tests are summarized in Table 3.

**Table 3: Results of Initial Sample of Travel at the RRB**

Office	No. of Trips	Percent of Total Trips <sup>a</sup>	Total No. of Exceptions <sup>b</sup>	Percent of Total Exceptions	No. of Travelers with Exceptions	Percent of Total Travelers with Exceptions
Board Offices	34	23%	110	79%	15	41%
Headquarters	40	27%	14	10%	9	24%
Field Service Offices	76	51%	15	11%	13	35%
<b>Total</b>	<b>150</b>	<b>100%</b>	<b>139</b>	<b>100%</b>	<b>37</b>	<b>100%</b>

<sup>a</sup> Does not sum due to rounding.

<sup>b</sup> A trip could have more than one exception.

Based on the results of this initial sample, we determined that an additional statistically valid sample was required. Like the sample above, this additional sample was a series of compliance tests of 63 travel transactions for RRB Board offices only. See Appendix II for further details of our testing methodology and results. The results of these tests are summarized in Table 4.

**Table 4: Results of Additional Sample of Travel at the RRB**

Board Office	No. of Trips	Percent of Total Trips	Total No. of Exceptions <sup>a</sup>	Percent of Total Exceptions	No. of Travelers with Exceptions	Percent of Total Travelers with Exceptions
Labor Member Office	43	68%	179	75%	10	63%
Management Member Office	19	30%	58	24%	5	31%
Chairman Office	1	2%	2	1%	1	6%
<b>Total</b>	<b>63</b>	<b>100%</b>	<b>239</b>	<b>100%</b>	<b>16</b>	<b>100%</b>

<sup>a</sup> A trip could have more than one exception.

We found exceptions related to authorizations and approvals, including a lack of specific documentation and approvals when lodging was greater than the GSA rate or airfare was greater than the city pair fare.

The details of our audit findings and recommendations for corrective action follow.

The full text of management's response is included in this report as Appendix III.

### **Inadequate Approval and Authorization Controls**

Our audit determined that the RRB's approval and authorization controls were not adequate and not always enforced. We identified the following exceptions for our initial sample of 150 travel transactions (see Appendix I).

- 34 transactions where the travel approver was not appropriate:
  - travel authorization and travel voucher were prepared and approved by the same person; and/or
  - travel voucher was approved by someone of a lower grade in the traveler's direct line of command.

Based on the 34 exceptions noted above, we project the total number of comparable errors in the universe to be at least 638.<sup>3</sup>

- 30 transactions where the travel voucher was not approved by the official designated as the approver in the employee's E2 profile.

Based on the 30 exceptions noted above, we project the total number of comparable errors in the universe to be at least 554.

- 17 transactions where someone other than the traveler, usually a person of lower grade and in the traveler's direct line of command, signed the voucher certification statement:

"I hereby assign to the United States any right I may have against any parties in connection with reimbursable transportation charges described below, purchased under cash payment procedures (41CFR 101-41.203-2). I certify that this voucher is true and correct to the best of my knowledge and belief, and that payment or credit has not been received by me."

Based on the 17 exceptions noted above, we project the total number of comparable errors in the universe to be at least 282.

- 13 transactions where travel was not authorized prior to the start of the trip.

Based on the 13 exceptions noted above, we project the total number of comparable errors in the universe to be at least 205.

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<sup>3</sup> Based on the parameters of our statistically valid sample, we can project an estimate of the minimum number of exceptions to the universe of 3,489 TDY travel transactions. See Appendix I for further details.

We identified three transactions that had all types of approval and authorization exceptions, as described on the previous page. For example, in one of these transactions, a RRB Board Member traveled to Pennsylvania in September 2015 for a general meeting. We found that this traveler had no one designated as their approver in their E2 profile. In this case, both the travel authorization and travel voucher were prepared and approved by a GS-11 administrative aide that reports directly to that traveler, who is a presidential appointee. The administrative aide also signed the voucher certification statement in E2, instead of the traveler, and did not create or authorize the travel authorization until after travel had been completed. The total amount authorized for this two day trip was approximately \$663.

Of the 139 total exceptions in our initial sample, 110 (79 percent) were for Board offices, as shown in Table 3. Because our initial sample found a significantly higher concentration of errors for the Board offices, we determined that an additional sample of travel transactions for Board office staff should be tested. This additional sample was comprised of 63 transactions, none of which were included in the initial sample (see Appendix II). We found similar exceptions in this additional sample. For example, we found that for 97 percent of the transactions sampled, the travel authorization and the travel voucher were prepared and approved by the same person.

We reviewed all E2 users and found that 31 travelers did not have a designated approver listed. Of these 31 travelers, 27 (87 percent) were in the Board offices.

The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (GAO Standards) state that key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.<sup>4</sup> This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.

The FTR requires all of the following.

- Travel authorizations must be signed by an agency head or an official to whom such authority has been delegated, which can be any person who is aware of how the authorized travel will support the agency's mission, who is knowledgeable of the employee's travel plans, and/or responsible for the funds.
- For travel expenses related to attendance at a conference, the appropriate official to approve a travel authorization is a senior agency official.
- Approving officials must review and sign claims for reimbursement (travel vouchers) and the reviewing official's responsibilities include ensuring:
  - the claim is properly prepared in accordance with the pertinent regulations and agency procedures;
  - a copy of the authorization is provided;

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<sup>4</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO 14-704G (Washington, D.C.: September 2014).

- expenses claimed are authorized and allowable;
  - amounts claimed are accurate; and
  - required receipts, statements, justifications, etc. are attached to the travel claim.
- Any travel claim form, authorized or used, must have a signed statement by the traveler containing standard data elements, such as the traveler's signature or digital representation, which signifies the traveler read the “fraudulent claim/responsibility” statement.
  - Generally, a traveler must have written or electronic authorization prior to incurring any travel expense. If this is not practicable or possible, the traveler’s agency may approve a specific authorization for reimbursement of travel expenses after travel is completed.

According to RRB Administrative Circular BFO-3, TDY travel should not begin without an approved authorization from a designated official.<sup>5</sup> However, it also states that in emergency situations, it may not be possible to complete an authorization prior to the commencement of travel, and that in these cases, a vocal authorization to travel must be received with the electronic authorization being completed as soon as it is practical.

RRB Basic Board Order No. 4 states that each Board Member shall be authorized to approve travel for themselves and their respective staffs and that all other travel may be approved by bureau and office heads or their designees, or by bureau or office heads’ immediate superiors.<sup>6</sup> Additionally, per RRB Administrative Circular BFO-3, Board Members may authorize their own travel vouchers.

While agencies may establish their own policies and procedures, they must be in accordance with laws and regulations, including the FTR. We found RRB travel policies and procedures to be contradictory to the FTR by allowing a Board Member to approve their own travel vouchers because it circumvents the requirement for approval by a designated official.

When the approver is someone of a lower grade and in the traveler’s direct line of command, they are less likely to question their superior’s travel expenses and documentation, which we observed in this audit. GAO Standards state that management should evaluate performance and hold individuals accountable for their internal control responsibilities. GAO Standards also state that pressure can appear in an entity because of goals established by management to meet objectives or cyclical demands of various processes performed by the entity. Excessive pressure can result in personnel “cutting corners” to meet established goals.

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<sup>5</sup> RRB BFO, Administrative Circular BFO-3, *Temporary Duty Travel* (Chicago, IL: April 2013).

<sup>6</sup> RRB Office of General Counsel, Basic Board Order No. 4, *Money and Finance Policies*, Section 5 (Chicago, IL: October 2010).

Our review disclosed a large number of exceptions that indicated the approvers were not knowledgeable of regulations and RRB policies and procedures governing travel, such as if the expenses claimed are authorized and allowable, as is required by the FTR. While presidential appointees do not have supervisors or managers, there are more appropriate individuals that could be designated as travel approvers to provide oversight in compliance with the FTR.

We also found RRB travel policies and procedures for Board office staff to be less stringent and much less likely to be enforced, as demonstrated by the results of our statistically valid samples. As detailed in this report, we found a significant number of exceptions for travel by Board offices even though the transactions had also been reviewed and approved by BFO for reimbursement, indicating a reluctance by travel approvers to question travel costs and documentation submitted by Board office staff.

Principle I of GAO Standards states that the oversight body and management should demonstrate a commitment to integrity and ethical values. One of the attributes which contributes to the design, implementation, and operating effectiveness of this principle is “Tone at the Top.” The attribute of Tone at the Top means that management should demonstrate the importance of integrity and ethical values through their directives, attitudes, and behavior. Further, management is to lead by an example that demonstrates the organization’s values, philosophy, and operating style. Management’s directives, attitudes, and behaviors reflect the integrity and ethical values expected throughout the entity. Tone at the Top can be either a driver or a barrier to internal control.

When travelers incur expenses without prior authorization, the risk increases that the RRB will be responsible for unnecessary or disallowed travel costs. When controls are inadequate or not enforced, it increases the risk of unauthorized travel, or fraud, waste, and abuse of government funds. Moreover, when someone other than the traveler signs the E2 voucher certification statement, there is a risk that the traveler may commit fraud and claim that they are not responsible.

In fiscal year 2015, the RRB OIG made recommendations to the RRB OA regarding segregation of duties as related to travel authorizations. The recommendations called for the development of formal RRB procedure for changes made to authorized approvers in E2 and for the review and revision of approval privileges in E2.<sup>7</sup> These recommendations remain open.

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<sup>7</sup> RRB OIG, *Audit of Internal Controls over Obligations at the Railroad Retirement Board*, OIG Audit Report No. 15-08, Recommendation 3 and 4 (Chicago, IL: August 2015).

## Recommendations

We recommend the Bureau of Fiscal Operations:

1. develop and implement travel policies and procedures to ensure that all E2 users have an appropriate designated approver in their travel profile;
2. update travel policies and procedures to require segregation of duties between travel preparers and travel approvers;
3. update travel policies and procedures to require the traveler to sign the voucher certification statement in E2 for every travel voucher;
4. strengthen travel policies and procedures to ensure that temporary duty travel is approved prior to the commencement of travel, unless a vocal authorization is documented;
5. improve training provided for travelers and designated travel approvers to ensure understanding of the FTR and E2; and
6. strengthen and enforce travel policies and procedures to ensure that all travel by RRB staff, including the Board Members and their staff, is in compliance with the FTR.

## Management's Response & Our Comments

RRB management did not concur with recommendation 1, which recommended the development and implementation of travel policies and procedures to ensure appropriate designated approvers. In its response, RRB stated that E2 utilizes the hierarchy approach, the designated approver cannot be specified in the traveler's profile, approvers are designated at the hierarchy level, and each traveler is assigned to a hierarchy.

We disagree with management's response. As discussed in this report, we found instances where the travel authorization and travel vouchers were prepared and approved by the same person, travel vouchers approved by someone of a lower grade than the traveler, and travel vouchers approved by someone other than the designated approver in E2. Many of these travel transactions have other exceptions identified in this report. We also found 31 travelers that did not have a designated approver in E2 while all other travelers did, indicating that designated approvers can be specified in the E2 user profiles contrary to the RRB's statement. The findings here and throughout this report indicate the need for an appropriate designated approver to be assigned. We reiterate the concerns discussed in this report that RRB policies and procedures regarding designating appropriate travel approvers need to be developed.

RRB management concurred with recommendations 2 through 6.

## Travel Cards Not Always Issued, Used, or Deactivated in Compliance with Travel Regulations

We determined that travel cards are not always used by travelers. We also found that travel cards are not always issued or deactivated appropriately. Details of these findings are provided below.

### Traveler Did Not Use Travel Card

In our initial sample, we identified 17 travel transactions for 12 unique travelers where the traveler did not use their travel card when traveling for official business expenses. Based on these 17 exceptions, we project the total number of comparable errors in the universe to be at least 282. These exceptions are summarized in Table 5.

**Table 5: Traveler Did Not Use Travel Card for Travel Expenses**

Traveler	No. of Trips	Office	Travel Expense Type	Total Expenses Not Charged to Travel Card	Approval and Authorization Findings? <sup>a</sup>
1	5	Labor Member Office	Lodging / Rental Car	\$3,062	X
2	1	Chairman Office	Lodging	\$1,368	X
3	1	Management Member Office	Airfare	\$511	X
4	1	Labor Member Office	Lodging	\$437	X
5	1	Labor Member Office	Rental Car	\$169	X
<b>Board Offices Subtotal</b>				<b>\$5,547</b>	
6	1	Office of General Counsel	Lodging	\$152	
7	1	Office of Administration	Lodging	\$91	
8	1	Office of General Counsel	Lodging	\$90	
<b>Headquarters Subtotal</b>				<b>\$333</b>	
9	2	Field Service Offices	Lodging	\$763	
10	1	Field Service Offices	Lodging	\$358	
11	1	Field Service Offices	Lodging	\$181	
12	1	Field Service Offices	Lodging	\$68	
<b>Field Service Offices Subtotal</b>				<b>\$1,370</b>	
<b>Trips</b>	<b>17</b>	<b>Grand Total</b>		<b>\$7,250</b>	

<sup>a</sup> This signifies the travel transaction(s) also had findings related to approval and authorization controls, as detailed in the *Inadequate Approval and Authorization Controls* section of this report.

In our additional sample, we also found travel expenses where the traveler did not use their travel card. Of the 63 trips in the sample, we found that travel cards were not always used to pay for travel expenses, as detailed below:

- lodging expenses for 43 percent of trips, totaling approximately \$14,800;
- rental car expenses for 6 percent of trips, totaling approximately \$1,300; and
- airfare expenses for 6 percent of trips, totaling approximately \$970.



The FTR requires travelers to use the travel card for all official travel expenses unless they have an exemption. Expenses that are exempt from the mandatory use of the travel card are (1) if the travel card is not accepted by the vendor; (2) laundry and dry-cleaning; (3) parking; (4) transit system; (5) taxis; (6) tips; (7) meals, when its use is impractical; (8) phone calls, when a Government calling card is available; and (9) if the traveler does not have a travel card. Exemptions may only be granted by the head of the RRB or a person designated by the head of the RRB and are to be applied on an individual basis. RRB Administrative Circular OA-22 describes the Federal employee mandate to use the government travel card for all payments of expenses related to official travel unless an exemption has been granted in accordance with the FTR.<sup>8</sup>

However, RRB Administrative Circular BFO-3 states that the preferred method of payment to be used by travelers on official RRB business is their travel card. It goes on to state that other methods of payment may be used in certain, limited circumstances, and references the FTR. Federal agencies also receive sales and productivity refunds based on agency travel card usage.

The RRB utilizes GSA SmartPay for training purposes. Travel cardholders and travel approving officials must be trained prior to appointment to the travel card program, and must take refresher training every 3 years. RRB's Administrative Circular OA-22 reiterates these training requirements. Such training helps travel cardholders and travel approvers to understand their roles and responsibilities.

RRB Administrative Circular HR-3 prescribes varying disciplinary offenses and penalties when employee misconduct occurs.<sup>9</sup> It provides guidance to managers and supervisors to determine the extent to which disciplinary action is necessary for specific behaviors and actions. These offenses include making or providing false statements, providing fraudulent documents (including travel vouchers), and the unauthorized or inappropriate use of a government credit card.

The RRB's travel policies and procedures were not adequate to ensure compliance with the FTR because it does not mirror the FTR. Words such as "may" and "preferred" are used in the RRB's policies and procedures when the FTR requires travel card usage except for a discrete list of transactions. As a result, there is a risk of the traveler misinterpreting the policy or procedure and therefore, not understanding the requirements of the FTR and thinking that they have the option to use their personal credit cards instead of their travel cards. And, being that travelers may obtain added personal benefits from using their personal credit cards, such as cash back and other rewards, travelers may have added incentives to use their personal credit card rather than the government travel card. Additionally, travel documentation in E2 is not being thoroughly reviewed by the travel voucher approvers to ensure travel card usage. Generally, if the travel card was used, it can be determined from the documentation supporting the travel voucher.

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<sup>8</sup> RRB OA, Administrative Circular OA-22, *Government Travel Card Procedures* (Chicago, IL: January 2011).

<sup>9</sup> RRB Bureau of Human Resources, Administrative Circular HR-3, *Guide for Table on Disciplinary Offenses and Penalties* (Chicago, IL: February 2011).

In one travel transaction we reviewed, a field service office employee traveled, during one trip, to Oregon and Washington in September 2014 for an office visit and a conference. We found that the traveler has a travel card but it was not used for all travel expenses during this trip. A personal card was used to pay for lodging in both Oregon and Washington, totaling approximately \$606, and for an airline baggage fee of \$25. Furthermore, no justification was provided for why the travel card was not used, especially for such common travel expenses for which a travel card is typically accepted by the vendor.

When travel cards are not used as intended, as in the above example, the RRB is not in compliance with the FTR.

### Recommendations

We recommend that Bureau of Fiscal Operations:

7. revise wording of RRB travel policies and procedures to mirror FTR requirements regarding usage of travel cards;
8. revise RRB travel policies and procedures to require the use of travel cards by the traveler unless an FTR exemption is met;
9. revise RRB travel policies and procedures to require that temporary duty travel approvers verify that the travel card was used by the traveler, if applicable; and
10. revise RRB travel policies and procedures to require the non usage of a travel card be justified and documented.

We recommend that Office of Administration:

11. conduct refresher training on required travel card usage requirements for travel cardholders and approvers to ensure compliance with the FTR.

### Management's Response & Our Comments

RRB management partially concurred with recommendation 7, which recommended the revision of travel policies and procedures to mirror FTR requirements regarding the use of travel cards. In its response, RRB stated that while there is no requirement that policies and procedures mirror FTR requirements, RRB will revise policies and procedures as needed to be modeled after FTR regulations.

We disagree with management's response. While agencies may establish their own policies and procedures, they must be in compliance with laws and regulations, including the FTR. We found that RRB policies and procedures do not mirror the FTR, and set a different and lesser requirement than the FTR. RRB policies state the *preferred* method is the government travel card but the FTR *requires* the use of the travel card short of an FTR defined exemption. We reiterate the concerns discussed in this report that, as written, RRB policies and procedures allow for noncompliance with the FTR in this instance.

RRB management concurred with recommendations 8 through 11.

### Travel Cards Not Issued or Deactivated Properly

We identified seven travelers that traveled six or more times in calendar year 2015 but that did not have a travel card issued in their name. These exceptions are summarized in Table 6. We also identified one individual that had separated from the RRB and still had a travel card in their name.

**Table 6: Frequent Travelers That Did Not Have Travel Cards (Calendar Year 2015)**

Traveler	Office	Number of Trips	Total Voucher Amounts <sup>a</sup>
1	Field Service	9	\$8,217
2	Field Service	8	\$8,604
3	Field Service	7	\$9,321
4	Field Service	7	\$5,143
5	Field Service	6	\$4,651
6	Field Service	6	\$5,797
7	Field Service	6	\$1,872
<b>Total</b>		<b>49</b>	<b>\$43,606</b>

<sup>a</sup> Does not sum due to rounding.

The FTR requirement that travelers use their travel card for all official travel expenses is waived if an employee travels five times or less a year and an exemption has been granted. The RRB's Administrative Circular BFO-3 states that all employees who travel should be issued a travel card unless they are exempt, as decided by a bureau or office head, because they are an infrequent traveler who travels no more than once a year.

Federal law sets forth a requirement that each executive agency shall establish and maintain internal control policies to ensure that the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the employee.<sup>10</sup> RRB travel policies and procedures expand on this requirement by stating, in RRB Administrative Circular OA-22, that upon the separation of a cardholder, the cardholder must cut his/her card in half and return it to their supervisor. The supervisor will return the card to the RRB's Agency Organization Program Coordinator (A/OPC), who oversees the RRB's government travel card program.

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<sup>10</sup> Public Law 112-194, *Government Charge Care Abuse Prevention Act of 2012*.

The RRB OA completes periodic reviews of travel cards issued to employees to determine if the card is still needed. These are referred to as Continuing Need Reviews. The RRB's A/OPC stated that of these seven employees, five had had travel cards previously, but they were deactivated at some point in time during a Continuing Need Review because the travelers were no longer using them enough to warrant having them. The A/OPC also stated that if it is expected that an individual who is retiring will be returning to work as part of the retiree rehire program, their card is not deactivated, but the credit limit is lowered to \$1. The A/OPC stated that this is the preferred method because it is easier than deactivating the travel card and later having to reapply.

Currently, travel cards are issued based on the job position of the employee, not the actual employee or the frequency of their travel. It is not part of RRB travel policies and procedures to monitor the frequency of travel to determine if an employee should apply to be issued a travel card.

When travel cards are not issued to frequent travelers, there is an increased risk of fraud, waste, and abuse because travel cards have built-in controls. The RRB also loses the benefit of receiving refunds on travel card purchases. Moreover, when separated employees still have travel cards, there is a risk that an employee will use it for personal expenses. This risk increases because there is no official RRB policy or procedure relating to the practice of lowering the credit limit \$1 for those retirees being rehired.

### Recommendation

12. We recommend the Office of Administration update their process for the issuance and deactivation of travel cards to ensure compliance with Federal law and RRB travel policies and procedures.

### Management's Response

RRB management concurred with recommendation 12.

### **Controls Over Travel Expenses Need Improvement**

Our audit work determined that the RRB's internal controls over various travel expenses need improvement. These expenses include lodging, airfare, and any expenses where receipts are required for documentation purposes. Details of this finding are provided below.

## Lodging Exceeds Per Diem Rate

In our initial sample, we identified 17 travel transactions where the travelers' lodging exceeded the lodging per diem rate without proper documentation and authorization in E2. Based on these 17 exceptions, we project the total number of comparable errors in the universe to be at least 282. These exceptions are summarized in Table 7.

**Table 7: Lodging Expenses Reimbursed Are In Excess of Per Diem**

Traveler	No. of Trips	Office	Destination	No. of Nights	Total Amount in Excess of Per Diem Per Night	Total Amount in Excess of Per Diem <sup>a</sup>	Approval and Authorization Findings? <sup>b</sup>
1	1	Chairman Office	Chicago, IL	7	\$32	\$221	X
2	1	Labor Member Office	Miami, FL	5	\$158	\$790	
3	3	Labor Member Office	Chicago, IL	3	\$100	\$301	
		Labor Member Office	Portland, OR	2	\$26	\$52	
		Labor Member Office	Pittsburgh, PA	2	\$3	\$5	
4	3	Labor Member Office	Washington, D.C.	1	\$110	\$110	
		Labor Member Office	Tampa, FL	1	\$93	\$93	
		Labor Member Office	Las Vegas, NV	1	\$8	\$8	
5	1	Labor Member Office	Washington, D.C.	1	\$77	\$77	X
6	1	Labor Member Office	Washington, D.C.	1	\$77	\$77	X
7	1	Labor Member Office	Duluth, MN	1	\$61	\$61	X
8	2	Management Member Office	Kansas City, MO	1	\$33	\$33	
		Management Member Office	Washington, D.C.	1	\$1	\$1	
<b>Board Offices Subtotal</b>						<b>\$1,829</b>	
9	1	Bureau of Information Services	San Diego, CA	5	\$36	\$180	X
<b>Headquarters Subtotal</b>						<b>\$180</b>	
10	1	Field Service Offices	Chicago, IL	5	\$128	\$640	
11	1	Field Service Offices	Boston, MA	3	\$152	\$457	
12	1	Field Service Offices	New Orleans, LA	1	\$4	\$4	
<b>Field Service Offices Subtotal</b>						<b>\$1,101</b>	
<b>Trips</b>	<b>17</b>	<b>Grand Total</b>				<b>\$3,110</b>	

<sup>a</sup> Does not always equal the number of nights multiplied by the total amount in excess per night due to rounding.

<sup>b</sup> This signifies the travel transaction(s) also had findings related to approval and authorization controls, as detailed in the *Inadequate Approval and Authorization Controls* section of this report.

In our additional sample, we also found lodging expenses claimed for reimbursement that were greater than the per diem prescribed by GSA. Of the 63 trips in the sample, 26 trips (41 percent) had lodging in excess of per diem where no explanation was provided, and authorization prior to travel was not documented. These lodging expenses exceeded per diem by a total of approximately \$6,400.

In accordance with the FTR, a traveler may submit a request for authorization for reimbursement per the “actual expense” method in advance of travel, but subject to the traveler’s agency policy, a request for reimbursement per the “after-the-fact” method may be granted when it is supported by an acceptable explanation.

RRB Administrative Circular BFO-3 states, “actual expenses should be approved in advance by the bureau or office head based on acceptable circumstances and must be specifically authorized by the travel authorization and explained in the remarks section of the electronic travel authorization or voucher. After-the-fact approval may be granted when supported by an explanation acceptable to the traveler’s bureau or office head.” When a traveler chooses lodging that is over per diem, a travel policy warning is generated in E2 and the traveler must choose a justification from a predefined menu.

Of the 17 transactions where lodging exceed per diem, 5 had no justifications selected in E2 as to why lodging claimed exceeded per diem. The other transactions had various justifications selected:

- seven transactions – “no props avail within per diem;”
- three transactions – “lowest cost room type sold out;”
- one transaction – “no lodging available at federal per diem rate;” and
- one transaction – “this particular hotel was necessary as it was the site of the conference.”

We were unable to determine the accuracy of these justifications because no documentation was provided to support their applicability. Without such documentation, approvers throughout the agency would be unable to assess the accuracy of the travel expenditure and the accuracy of the justification.

When travelers and approvers rely on the justifications within E2 without supporting documents or detailed explanations, the risk of the RRB incurring unnecessary travel costs increases.

## Recommendations

We recommend the Office of Administration:

13. strengthen controls to ensure that all travel costs over per diem be properly approved by the bureau head, prior to travel, and documented in E2;
14. establish controls to ensure that “after-the-fact” lodging reimbursements above per diem are properly approved by the bureau head and documented in E2 with support beyond the predefined justifications; and
15. require documentation that will allow the approver to ensure all lodging costs over per diem are supported.

## Management’s Response & Our Comments

RRB management did not concur with recommendations 13 through 15, which recommended the establishment and strengthening of controls and documentation for the reimbursement of lodging expenses. In its response to each of these recommendations, RRB stated that E2 is designed to comply with the requirements of the FTR. RRB also stated that all federal agencies are utilizing this system or similarly configured system. Further, RRB stated that the current drop down menu feature is determined by the GSA E-Travel Office (the designated Government-wide manager of E-Travel) as sufficient to meet the requirements of the FTR to document travel costs over per diem.

We disagree with management’s response. As discussed in this report, we were unable to determine if justifications selected from the predefined menu were accurate because no other support was provided. This also means the approvers would be unable to determine if the justifications were accurate, impacting their ability to carry out their approving responsibilities. The exceptions identified in our statistically valid sample of transactions totaled \$3,110 in lodging costs that exceeded per diem without documentation. Additionally, some transactions had no justification selected, which indicates that predefined menu usage is not required. The findings discussed in this report occurred while utilizing E2.

We reiterate our finding that controls, such as the E2 predefined menu, are not adequate to ensure that lodging expenses over per diem are supported, documented, or approved in accordance with the FTR. GAO Standards require that all transactions be clearly documented in a manner that allows the documentation to be readily available for examination. Implementing documentation requirements would not require changes to E2 and would provide greater assurance that the RRB only approves and reimburses travel expenses in compliance with the FTR.

## Contract Carriers Not Used and Airfare Exceeded City Pair Fares

In our initial sample, we identified five travel transactions where the CPP contract carrier was not used. Based on these 5 exceptions, we project the total number of comparable errors in the universe to be at least 59. These exceptions are summarized in Table 8.

**Table 8: Non-Contract Carrier Airline Used**

Traveler	Office	Final Destination	Airfare Total	Justification & Documentation Acceptable?	Approval and Authorization Findings? <sup>a</sup>
1	Office of General Counsel	Great Falls, MT	\$1,297	No	
2	Office of General Counsel	Jacksonville, FL	\$516	No	X
3	Office of General Counsel	Omaha, NE	\$449	No	X
4	Bureau of Information Services	Kansas City, MO	\$398	No	
5	Labor Member Office	Detroit, MI	\$382	No	X

<sup>a</sup> This signifies the travel transaction(s) also had findings related to approval and authorization controls, as detailed in the *Inadequate Approval and Authorization Controls* section of this report.

In addition, we identified four travel transactions where airfare expenses claimed by the traveler were greater than the city pair fare defined by the CPP. Based on these 4 exceptions, we project the total number of comparable errors in the universe to be at least 41. These exceptions are summarized in Table 9.

**Table 9: Airfare Greater Than City Pair Program Fare**

Traveler	Office	Destination	Total Amount in Excess of City Pair Fare <sup>ab</sup>	Justification & Documentation Acceptable?	Approval and Authorization Findings? <sup>c</sup>
1	Office of General Counsel	Omaha, NE	\$150	No	X
2	Office of General Counsel	Jacksonville, FL	\$22	No	X
3	Office of Programs	Baltimore, MD	\$19	No	X
4	Field Service	Chicago, IL	\$22	No	X
<b>Total</b>			<b>\$212</b>		

<sup>a</sup> Does not sum due to rounding.

<sup>b</sup> Base fare (excluding taxes) was used.

<sup>c</sup> This signifies the travel transaction(s) also had findings related to approval and authorization controls, as detailed in the *Inadequate Approval and Authorization Controls* section of this report.

In our additional sample, we also found non-contract carrier airlines were used without appropriate justifications being provided. Of the 63 trips in our sample, 4 (6 percent) had airfare that was through a non-contract carrier. We also found airfare expenses claimed for reimbursement that were greater than the city pair fares prescribed by GSA. Of the 63 trips in the sample, 14 trips (22 percent) had airfare in excess of the CPP fare where no justification was provided and authorization prior to travel was not documented. These airfare expenses exceed the city pair fares by a total of approximately \$500.



The FTR states that civilian employees must use a city pair fare for scheduled air transportation unless one of the limited exceptions is met:

- a) space on a scheduled contract flight is not available in time to accomplish the purpose of travel or use of a contract service would require unnecessary lodging costs;
- b) the contract flight schedule is inconsistent with explicit policies of the agency with regard to scheduling travel during normal working hours;
- c) a non-contract carrier offers a lower fare to the general public that will result in a lower total trip cost to the government;
- d) cost effective rail service is available and is consistent with mission requirements;  
or
- e) smoking is permitted on the contract carrier and the nonsmoking section is not acceptable.

If one of these exceptions is met, the traveler must show approval on their travel authorization and the agency must determine that the non-contract transportation is practical and cost effective for the government. Additionally, if the fare is nonrefundable, restricted, or has specific eligibility requirements, the traveler must know or be able to reasonably anticipate, that they will use the ticket.

RRB Administrative Circular BFO-3 states that travelers must use contract carriers, when available and the use of contract city pair fares is encouraged. It also references the FTR sections as described above. When a traveler chooses a non-contract carrier in E2, the traveler may enter a justification in E2.

Of the five transactions where a non-contract carrier was used, the justifications in E2 were:

- “No contract carrier in market” for two transactions. However, we found that there were contract carriers identified for the flights required for these trips by the CPP, therefore invalidating the claim that there was no contract carriers in the market.
- “Contract carrier refused because of personal reasons” for one transaction, which is not an allowable exception for using a non-contract carrier.
- “Contract carrier used for portion, but not entire trip” for one transaction, which is also not an allowable exception.
- No justification was entered for one transaction.

Of the five transactions where non-contract carriers were used, three still were of a lower total airfare expense than the city pair fare. A non-contract carrier offering a lower public fare is an acceptable exception for using a non-contract carrier but there was no documentation showing this.

E2 does not have built-in controls that prohibit booking a non city pair fare or non-contract carrier if reservations are made in E2 and if reservations are made outside of E2, the E2 system does not know that the traveler is not adhering to travel policy or procedure. In none of these instances was there documentation that allowed the travel approver to confirm that the justifications provided were appropriate based on exceptions to FTR requirements. Additionally, the benefits of the CPP, including that city pair fares are fully refundable if changes or cancellation is necessary, may be forfeited when non-contract carriers and non city pair fares are used.

### Recommendations

16. We recommend the Office of Administration determine if settings for E2 would allow for limiting airfare reservations to the contract city pair fares and carriers as prescribed by GSA.

We recommend the Bureau of Fiscal Operations:

17. strengthen RRB travel policies and procedures to ensure the use of contract city pair fares and carriers unless a FTR exception applies and it is documented and approved prior to travel; and
18. update RRB travel policies and procedures to require that if an FTR exception regarding contract city pair fares or carriers is used, it is documented and approved prior to travel.

### Management's Response & Our Comments

RRB management did not concur with recommendation 16, which recommended determining if E2 settings allowed limiting airfare to contract city pair fares and carriers only. In its response, RRB stated that E2 is designed to comply with the requirements of FTR and limiting of airfare reservations is not feasible for those cities that do not have city pair fares. RRB also stated that a new booking engine for E2 was recently implemented that will promote city pair fares as the first and best choice to RRB travelers.

We disagree with management's response which did not directly address the intent of the recommendation. We agree that there are instances in which a traveler may not use a contract city pair fare or carrier due to an FTR exemption. However, we note the expected E2 changes may improve usability and support compliance with the FTR.

RRB management concurred with recommendation 17.

RRB management did not concur with recommendation 18, which recommended updating policies and procedures to require documentation and prior approval when not using a contract city pair fare or carrier in accordance with an FTR exception. In its response, RRB stated that E2 contains warnings and a menu of reasons that the traveler must complete if an out of policy flight is chosen. RRB also stated that the approver receives a warning and either approves or denies the out of policy selection.

We disagree with management's response. As discussed in this report, we were unable to determine if justifications in E2 were accurate or if an FTR exception was applicable because no other support or documentation was provided. We also found one transaction that had no justification entered, indicating that menu use is not mandatory. Additionally, as discussed in this report, if the traveler does not use E2 to make flight reservations, E2 would not be able to identify if the traveler is out of policy. We reiterate the concerns previously discussed that controls, such as the E2 predefined menu, are not adequate to ensure that a travel transaction that meets an FTR exception regarding contract city pair fares or carriers is supported, documented, and approved in accordance with the FTR. GAO Standards require that all transactions be clearly documented in a manner that allows the documentation to be readily available for examination.

### No Receipts Provided

In our initial sample, we identified two travel transactions where travelers did not provide receipts but were reimbursed for expenses. One was missing a receipt for lodging and the other was missing a receipt for miscellaneous expenses that exceeded \$75. Based on the number of exceptions, we could not project the total number of comparable errors in the universe. However, in our additional sample, we identified 8 travel transactions (13 percent) where travelers did not provide receipts but were reimbursed for expenses. Of these eight transactions, no receipts were provided for airfare eight times, lodging seven times, and parking one time.

According to the FTR and RRB Administrative Circular BFO-3, receipts for all lodging and every miscellaneous expense that exceeds \$75 must be documented and retained. The FTR also states that if required receipts cannot be furnished, a reasonable explanation must be submitted. RRB travel policies and procedures go on to state that the reviewer must ensure that required receipts are attached to the electronic voucher in the electronic travel management system.

We found RRB travel policies and procedures relating to required documentation were not always enforced, as demonstrated by these missing receipts. Approvers are unable to ensure compliance with the FTR and RRB travel policy and procedure if they approve travel transactions without required receipts. This increases the risk of the RRB reimbursing travelers for expenses not incurred.

### Recommendation

19. We recommend the Bureau of Fiscal Operations conduct refresher training for travelers and travel approvers on the FTR and RRB travel policies and procedures to ensure that travel documentation is properly uploaded and maintained in E2.

### Management's Response

RRB management concurred with recommendation 19.

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## OTHER OBSERVATION

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### **Frequent Travel to RRB Headquarters**

Two individuals traveled at least eight times or more to RRB headquarters in Chicago, Illinois in calendar years 2014 and 2015. Over this two-year period, the two individuals took 46 trips that cost the RRB a total of approximately \$72,500.

The official duty stations of these two individuals are Miami, Florida and Washington, D.C., despite their frequent travel to RRB headquarters in Chicago, Illinois. While we determined that the frequent number of trips does not rise to the level of commuting, it may appear that funds are being expended for travel that is not cost effective.

The Code of Federal Regulations states the following:

Except as otherwise provided in this section, the official worksite is the location of an employee's position of record where the employee regularly performs his or her duties. If the employee's work involves recurring travel or the employee's work location varies on a recurring basis, the official worksite is the location where the work activities of the employee's position of record are based as determined by the employing agency, subject to the requirement that the official worksite must be in the locality pay area in which the employee regularly performs work.<sup>11</sup>

The Office of Personnel Management's Guide to Processing Personnel Actions defines a duty station as the city/town, county, and State in which the employee works; for most employees, this will be the location of the employee's worksite.<sup>12</sup> However, the RRB does not have any policies related to duty stations.

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<sup>11</sup> Title 5 Code of Federal Regulations Part 531, Subpart 605.

<sup>12</sup> Office of Personnel Management, *Guide to Processing Personnel Actions* (Washington, D.C.: November 2015).

## Initial Statistical Sample Methodology and Results

This appendix presents the methodology and results of our statistical sample to assess compliance with key travel policies and implementation of related internal controls, as well as to project our results to the universe.

### Scope

Our samples were selected from travel vouchers for the period of January 1, 2010 through December 31, 2015. This universe includes TDY travel by RRB headquarters and field service employees, but excludes OIG employees. The universe consists of 3,489 travel vouchers, as received from the RRB's OA and BFO and assessed as reliable by the OIG for the purposes of this audit.

### Review Methodology

We used attribute sampling to test specific controls (attributes) and to allow us to project the number of comparable errors to the universe. The sample had a presumed universe error rate of 6 percent, desired precision rate of 7 percent, and desired confidence level of 90 percent. This resulted in a sample size of 150 travel vouchers from the universe of 3,489.

To ensure that a variety of traveler types was reviewed, we used a stratification sample based on total travel voucher dollar amounts by traveler. Three strata were defined: less than \$10,000, \$10,000 to less than \$40,000, and \$40,000 and greater. A proportionate stratification was used and the 150 samples were chosen randomly using TeamMate Analytics software from each of the three strata.

### Results

We reviewed a sample of 150 travel vouchers, drawn from a population of 3,489. A description of the attributes tested, shown as exceptions statements, and the results of our review are shown in Table 10. For each attribute tested in which an exception was found, we can project to the universe an estimate of the minimum number of errors with a confidence level of 90 percent. When no exception was found for a specific test, no projected minimum is made.

## Initial Statistical Sample Methodology and Results

Table 10: Initial Statistical Sample Results

Attribute Tests	Sample Number Tested	Exceptions Observed in Sample	Exceptions as a Percentage of Sample <sup>a</sup>	Projected Minimum Number of Errors in Universe
<b>Approvals and Authorizations</b>				
Travel approver was not appropriate: <sup>b</sup> <ul style="list-style-type: none"> <li>• travel authorization and travel voucher were prepared and approved by the same person (nontraveler); or</li> <li>• travel voucher was approved by someone of a lower grade in the traveler's direct line of command.</li> </ul>	150	34	23%	638
Travel voucher was not approved by the agency official designated in the traveler's E2 profile.	150	30	20%	554
Travel voucher certification statement signed by someone other than the traveler.	150	17	11%	282
Travel was not authorized prior to the start of the trip.	150	13	9%	205
<b>Airfare</b>				
Traveler was not justified for using a non-contract carrier airline.	150	5	3%	59
Airfare was greater than the city pair fare and no justification was provided with prior approval.	150	4	3%	41
No receipts were provided for reimbursed airfare.	150	0	-	-
No prior approval was obtained for non coach class airfare.	150	0	-	-
<b>Lodging</b>				
Lodging rate exceeded lodging per diem, no explanation was provided, and authorization prior to travel by bureau or office head was not documented.	150	17	11%	282
No receipts were provided for reimbursed lodging.	150	1	1%	Not projected
<b>M&amp;IE</b>				
No receipts were provided for reimbursed M&IE (greater than \$75).	150	1	1%	Not projected
M&IE was greater than the posted M&IE per diem and no justification was provided with prior approval.	150	0	-	-
<b>Other</b>				
Traveler did not use their travel card.	150	17	11%	282
Traveler was reimbursed for personal travel expenses.	150	0	-	-

<sup>a</sup> Rounded to the nearest whole percentage for reporting purposes.<sup>b</sup> Although this was conducted as two separate tests, the samples with exceptions were identical. Therefore, we are reporting together to avoid over reporting the number of exceptions found.

## Additional Statistical Sample Methodology and Results

This appendix presents the methodology and results of our statistical sample to assess compliance with key travel policies and implementation of related internal controls, as well as to project our results to the universe.

### Scope

Our samples were selected from travel vouchers for the period of January 1, 2010 through December 31, 2015. This universe includes TDY travel by Board office staff only. The universe consists of 736 travel vouchers, as received from the RRB's OA and BFO and assessed as reliable by the OIG for the purposes of this audit.

### Methodology

We used attribute sampling to test specific controls (attributes) and to allow us to project the number of comparable errors to the universe. The sample had a presumed universe error rate of 6 percent, desired precision rate of 10 percent, and desired confidence level of 85 percent. This resulted in a sample size of 63 travel vouchers from the universe of 736. None of these 63 transactions were included in the initial sample.

### Results

We reviewed a sample of 63 travel vouchers, drawn from a population of 736. A description of the attributes tested, shown as exceptions statements, and the results of our review are shown in Table 11. For each attribute tested in which an exception was found, we can project to the universe an estimate of the minimum number of errors with a confidence level of 85 percent.

## Additional Statistical Sample Methodology and Results

Table 11: Additional Statistical Sample Results

Attribute Tests	Sample Number Tested	Exceptions Observed in Sample	Exceptions as a Percentage of Sample <sup>a</sup>	Projected Minimum Number of Errors in Universe
<b>Approvals and Authorizations</b>				
Travel authorization and travel voucher were prepared and approved by the same person (nontraveler). <sup>b</sup>	63	61	97%	683
Travel voucher certification statement signed by someone other than the traveler.	63	45	71%	475
No agency official designated as approver in the traveler's E2 profile.	63	44	70%	463
Travel was not authorized prior to the start of the trip.	63	2	3%	8
<b>Airfare</b>				
Airfare was greater than the GSA contract city pair fare and no justification was provided with prior approval.	63	14	22%	122
Airfare was not charged to traveler's travel card.	63	4	6%	25
Traveler was not justified for using a non-contract carrier.	63	4	6%	25
<b>Lodging</b>				
Lodging was not charged to traveler's travel card.	63	27	43%	264
Lodging claimed exceeded lodging per diem rate allowed by GSA, no explanation was provided, and authorization prior to travel by bureau or office head was not documented.	63	26	41%	254
<b>Miscellaneous</b>				
All required receipts were not included in documentation.	63	8	13%	62
Rental car was not charged to traveler's travel card.	63	4	6%	25

<sup>a</sup> Rounded to the nearest whole percentage for reporting purposes.

<sup>b</sup> Although this was conducted as two separate tests, the samples with exceptions were identical. Therefore, we are reporting together to avoid over reporting the number of exceptions found.





UNITED STATES GOVERNMENT

**MEMORANDUM**FORM G-115f (1-92)  
RAILROAD RETIREMENT BOARD

April 5, 2017

**TO** : Heather J. Dunahoo  
Assistant Inspector General for Audit

**FROM** : Shawna R. Weekley  
Acting Chief Financial Officer

Keith B. Earley  
Director of Administration

**SUBJECT:** Draft Report – Railroad Retirement Board Did Not Always Comply with the Federal Travel Regulation

Thank you for the opportunity to review the Office of Inspector General's draft audit report entitled "Railroad Retirement Board Did Not Always Comply with the Federal Travel Regulation." We have reviewed the draft report and offer the following comments to the recommendations directed to the Bureau of Fiscal Operations and to the Office of Administration:

**OIG Recommendation #1**

*Develop and implement travel policies and procedures to ensure that all E2 users have an appropriate designated approver in their travel profile.*

The Bureau of Fiscal Operations and Office of Administration do not concur. E2 Solutions utilizes the hierarchy approach and the designated approver cannot be specified in the traveler's profile. Approvers are designated at the hierarchy level, and each traveler is assigned to a hierarchy.

**OIG Recommendation #2**

*Update travel policies and procedures to require segregation of duties between travel preparers and travel approvers.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #3**

*Update travel policies and procedures to require the traveler to sign the voucher certification statement in E2 for every travel voucher.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #4**

*Strengthen travel policies and procedures to ensure that temporary duty travel is approved prior to the commencement of travel, unless a vocal authorization is documented.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #5**

*Improve training provided for travelers and designated travel approvers to ensure understanding of the FTR and E2.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #6**

***Strengthen and enforce travel policies and procedures to ensure that all travel by RRB staff, including the Board Members and their staff, is in compliance with the FTR.***

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #7**

***Revise wording of RRB travel policies and procedures to mirror FTR requirements regarding usage of travel cards.***

The Bureau of Fiscal Operations and Office of Administration partially concur. While there is no requirement that policies and procedures mirror FTR requirements we will revise policies and procedures as needed to be modeled after FTR regulations.

Target Completion Date: September 30, 2018

**OIG Recommendation #8**

***Revise RRB travel policies and procedures to require the use of travel cards by the traveler unless an FTR exemption is met.***

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #9**

***Revise RRB travel policies and procedures to require that temporary duty travel approvers verify that the travel card was used by the traveler, if applicable.***

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #10**

***Revise RRB travel policies and procedures to require the non usage of a travel card be justified and documented.***

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #11**

***Conduct refresher training on required travel card usage requirements for travel cardholders and approvers to ensure compliance with the FTR.***

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #12**

***We recommend the Office of Administration update their process for the issuance and deactivation of travel cards to ensure compliance with Federal law and RRB travel policies and procedures.***

The Office of Administration concurs.

Target Completion Date: September 30, 2018

**OIG Recommendation #13**

***Strengthen controls to ensure that all travel costs over per diem be properly approved by the bureau head, prior to travel, and documented in E2.***

The Bureau of Fiscal Operations and Office of Administration do not concur. Carlson Wagonlit Travel and General Services Administration (GSA) have designed E2 Solutions to comply with the requirements of the FTR. All Federal agencies are utilizing this system or a similarly configured and FTR compliant system from the other E-Travel system Contractor. The current drop down menu feature is determined by the GSA E-Travel Office (the designated Government-wide manager of E-Travel) as sufficient to meet the requirements of the FTR to document travel costs over per diem.

**OIG Recommendation #14**

*Establish controls that “after-the-fact” lodging reimbursements above per diem are properly approved by the bureau head and documented in E2 with support beyond the predefined justifications.*

The Bureau of Fiscal Operations and Office of Administration do not concur. Carlson Wagonlit Travel and GSA have designed E2 Solutions to comply with the requirements of the FTR. All Federal agencies are utilizing this system or a similarly configured and FTR compliant system from the other E-Travel system Contractor. The current drop down menu feature is determined by the GSA E-Travel Office (the designated Government-wide manager of E-Travel) as sufficient to meet the requirements of the FTR to document travel costs over per diem.

**OIG Recommendation #15**

*Require documentation that will allow the approver to ensure all lodging costs over per diem are supported.*

The Bureau of Fiscal Operations and Office of Administration do not concur. Carlson Wagonlit Travel and GSA have designed E2 Solutions to comply with the requirements of the FTR. All Federal agencies are utilizing this system or a similarly configured and FTR compliant system from the other E-Travel system Contractor. The current drop down menu feature is determined by the GSA E-Travel Office (the designated Government-wide manager of E-Travel) as sufficient to meet the requirements of the FTR to document travel costs over per diem.

**OIG Recommendation #16**

*We recommend the Office of Administration determine if settings for E2 would allow for limiting airfare reservations to the contract city pair fares and carriers as prescribed by GSA.*

The Office of Administration does not concur. Carlson Wagonlit Travel and GSA have designed E2 Solutions to comply with the requirements of FTR. Wholesale limiting of airfare reservations is not feasible for those cities that do not have city pair fares. In addition, Carlson Wagonlit Travel has recently implemented a new booking engine for E2 Solutions. Therefore E2 Solutions is addressing the issue of limiting airfare reservations and promoting city pair fares as the first and best choice airfare to RRB E2 Solutions travelers.

**OIG Recommendation #17**

*Strengthen RRB travel policies and procedures to ensure the use of contract city pair fares and carriers unless a FTR exception applies and it is documented and approved prior to travel.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

**OIG Recommendation #18**

*Update RRB travel policies and procedures to require that if an FTR exception regarding contract city pair fares or carriers is used, it is documented and approved prior to travel.*

The Bureau of Fiscal Operations and Office of Administration do not concur. The system contains warnings, and a menu of reasons, that the traveler must complete if an out of policy flight is chosen. The approver receives a warning, and after review, either approves or denies the out of policy selection.

**OIG Recommendation #19**

*We recommend the Bureau of Fiscal Operations conduct refresher training for travelers and travel approvers on the FTR and RRB travel policies and procedures to ensure that travel documentation is properly uploaded and maintained in E2.*

The Bureau of Fiscal Operations and Office of Administration concur.

Target Completion Date: September 30, 2018

cc: Jeffrey Baer, Director of Audit Affairs  
Tim Hogueisson, Acting Director of Audit Affairs and Compliance  
Lawrence Haskin, Chief of Treasury, Debt Recovery and Financial Systems  
Paul Ahern, Chief of Acquisition Management