

**U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL**



**FINAL AUDIT REPORT:
IMPROVEMENTS NEEDED
IN MANAGEMENT OF TRAVEL
BY THE ELECTION ASSISTANCE COMMISSION**

**No. I-PA-EAC-01-06
JULY 2007**



U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL
1225 New York Ave. NW - Suite 1100
Washington, DC 20005

July 5, 2007

To: Donetta Davidson
Chairwoman

From: Curtis W. Crider *Curtis W. Crider*
Inspector General

Subject: Final Audit Report - Improvements Needed in the
Management of Travel by the Election Assistance
Commission (I-PA-EAC-01-06)

The subject report presents the results of our audit of the administration of travel by the Election Assistance Commission during fiscal years 2005 and 2006.

We found that travel was not performed in accordance with the Federal Travel Regulation. Our audit identified errors in 91 percent of the travel packages (authorizations and vouchers) examined. While the majority of the errors were minor, such as claiming taxes as part of the lodging rate, some were more significant, such as traveling to a location that was not authorized or claiming a lodging rate that exceeded the authorized rate. Overall, the mistakes evidence a need for independent controls and clear instructions on the preparation and approval of authorizations and vouchers, and for effective reviews of the accuracy of the travel claims.

We also noted a need for procedures to ensure that international travel is essential to the EAC mission and that employees receive compensatory time when traveling on their own time.

Finally, we concluded that travel cards were adequately controlled and used for official purposes and that travelers generally paid their travel card bills on time.

The Executive Director in his June 26, 2007 response to the draft report (Appendix 2), concurred with the findings and recommendations. The response indicated that the EAC

administrative staff had begun additional oversight of employee travel authorizations and vouchers and had arranged for additional training. In addition, the EAC would draft internal policies and procedures to address the issues raised in the report. Based on the response we consider the report's recommendations resolved but not implemented. Accordingly, we request that you provide us with copies of the procedures/guidance that will be developed as a result of the recommendations.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, actions taken to implement our recommendations, and recommendations that have not been implemented. Therefore, this report will be included in our next semiannual report.

We appreciate the cooperation provided by the Commission during our audit. If you have any questions about this report, please call me at (202) 566-3125.

INTRODUCTION

Background

The Help America Vote Act of 2002 (HAVA) established the U.S. Election Assistance Commission (EAC). EAC is charged with adopting voluntary voting system guidelines, serving as a national clearing house and resource of information regarding implementation of the guidelines and effective administration of Federal elections, testing voting system hardware and software, administering payments and grants to states for replacement of voting systems and other election administration improvements, and implementing the Help America Vote College Program.

EAC's operating budget was approximately \$14 million in both fiscal years 2005 and 2006. EAC expenditures for temporary duty travel were \$436,398 in fiscal year 2005 and \$420,703 in fiscal year 2006. The expenditures covered travel by its staff of about 25 employees and contractors and travel of the Standards Board (110 members), the Board of Advisors (37 members), and the Technical Guidelines Development Committee (14 members).¹

Objective, Scope and Methodology

The objective of our audit was to determine whether (1) travel was performed in accordance with the Federal Travel Regulation (FTR), (2) travel cards were properly controlled and used for only official purposes and, (3) travelers paid their travel card bills in a timely manner.

We examined processes used by the EAC to authorize and pay temporary duty travel in fiscal years 2005 and 2006 and to control the use of Federal travel cards for the first half of fiscal year 2007. EAC travel vouchers are processed for payment by the General Services Administration (GSA), which provides financial management services to the EAC. Our audit did not include a review of controls over financial data processed by GSA.

To accomplish our objective, we reviewed EAC procedures and obtained information from EAC officials on processes and controls over travel and travel cards and to obtain details on individual travel authorizations and vouchers. From the detailed transaction data, we examined a sample of travel authorizations and associated vouchers to assess compliance with appropriate requirements and accuracy of amounts claimed, and discussed any follow up matters with the

¹ HAVA authorizes the Standards Board and Board of Advisors to review voting system guidelines and best practices developed by EAC. The Technical Guidelines Development Committee is authorized by HAVA to help EAC develop voluntary voting system guidelines. HAVA authorizes members of the Boards and the Committee to be paid for their travel expenses.

individual travelers. In addition, we obtained authorization from Citibank to access travel card transactions and examined all charges to each issued card for propriety from October 1, 2006, through March 23, 2007. We performed our audit in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

Improvements Needed in Controls Over Travel

EAC lacks adequate written policies and procedures to guide its employees in temporary duty travel and an effective process to oversight travel. As a result, it does not have assurance that travel is properly authorized, accurately claimed, and mission-related. We found errors on 39 of 43 travel vouchers and related authorizations which we examined. While many of the errors were minor, they demonstrate a weakness in EAC's control over travel.

The Federal Travel Regulation (FTR), 41 Code of Federal Regulations (CFR), Chapters 300 to 304, implements statutory requirements and Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expenses. The FTR requires Federal agencies to establish agency policies and procedures in 12 areas, such as for authorizing travel, paying per diem and transportation expenses, and arranging conferences. Since fiscal year 2004, when EAC began operations, through fiscal year 2006, EAC has issued only one policy paper for travel - one which governs acceptance of travel from non-Federal sources. The policy was issued in June 2005.

While EAC does not have written policies and procedures, it does have an informal process for authorizing travel and approving vouchers. That process calls for the Executive Director to approve all authorizations and vouchers and for EAC's Administrative Officer to review travel vouchers prior to submission for payment.

From listings of travel vouchers provided by EAC, we judgmentally selected 43 vouchers and related authorizations for review. We picked vouchers that covered international travel and commissioner and EAC staff travel for meetings, conferences, and speeches. On the positive side, we found that, all travel was approved in advance except in three instances, all vouchers were approved before payment, amounts claimed for reimbursement were supported by source documentation such as hotel and taxi receipts, and the amounts claimed were mathematically correct. However, the approval process did not prevent errors from regularly occurring and in many cases resulted in a subordinate authorizing and approving travel by supervisors, which does not meet a control standard for independence.²

² According to the General Accounting Office, its *Standards for Internal Control in the Federal Government* considers the issue of a subordinate authorizing their supervisors' travel to be flawed from an independence viewpoint.

In reviewing the packages of vouchers and associated authorizations, we identified 96 errors (violation of the FTR). The majority of the errors were inconsequential, such as claiming taxes as part of the lodging rate or not disclosing all departure and arrival dates. Others, however, were more significant such as traveling to a location that was not authorized or claiming a lodging rate that exceeded the authorized rate. Overall, the mistakes evidence a need for independent controls and clear instructions on the preparation and approval of authorizations and vouchers, and for effective reviews of the accuracy of the travel claims. A summary of the errors is presented in Appendix 1.

*International
Travel*

We paid particular attention to international travel because of our concern over how it related to the mission of the EAC. The FTR (301-2.2) says that an agency may pay only those travel expenses essential to the transaction of official business. According to the EAC General Counsel, official business must benefit the agency not the employee, be concerned with the functions for which the agency was appropriated money, and further the mission of the agency. To be related to the mission of the EAC, the EAC general counsel said the activities must pertain to:

- (1) the adoption of voluntary voting system guidelines, including the maintenance of a clearinghouse of information on the experiences of State and local governments in implementing the guidelines and in operating voting systems in general;
- (2) the testing, certification, decertification, and recertification of voting system hardware and software;
- (3) conducting studies and carrying out other activities to promote the effective administration of Federal elections;
- (4) election assistance, and providing information and training on the management of the HAVA payments and grants;
- (5) the adoption of voluntary guidance; and
- (6) developing and carrying out the Help America Vote College Program under title V.

Our review identified seven international trips during fiscal years 2005 and 2006. Six trips were taken by one commissioner and one trip was taken by another commissioner. The six trips are listed in the following table.

Table : International Travel

<u>Location of Trip</u>	<u>Purpose of Travel</u>	<u>Funded By</u>
Bogotá, Columbia	Speak at III Inter-American Meeting on Electoral Technology. Representatives of election institutions of north, central, and south America presented information on strategies for incorporating new technology in the electoral process.	Electoral Institute of Colombia
Montreal, Canada	Participate in an international mission on Haiti. The objective of the mission is to provide neutral and impartial assessments, evaluations and observations on the Haitian electoral process intended to support the building of democratic institutions in that country.	Elections Canada
Siofok, Hungary	Attend and Participate in Conference of Global Election Organizations and the Association of Central and Eastern European Election Officials General Assembly Meeting. The conference program addressed legal remedies in the election processes and standards of electronic voting.	EAC
Warsaw, Poland	Continued from Hungary to Poland to attend a Human Dimensions Implementation Meeting at the request of the State Department. Attendance followed the meeting in Siofok.	State Department
Moscow, Russia	Attend an Organization for Security and Cooperation in Europe Meeting. The meeting provided the opportunity for practitioners involved in the field of election observation to exchange their respective experience. After receiving the invitation, EAC requested and obtained State Department financing of the trip.	State Department
Ottawa, Canada	Participate in the Elections Canada International Visitors Program and to observe Canadian elections at the request of Elections Canada. The visitors program provided a general briefing on Canada's computerized real-time management process for the election.	EAC
Budapest, Hungary	Attend and participate in international symposium on international e-participation and local democracy symposium.	EAC
Riga, Latvia	Attend and participate in the Association of Central and Eastern European Election Officials 15 th Annual Conference entitled National Referendum: Technical and Legal Aspects	EAC

According to the former Chairman of the Commission, the meetings provided an opportunity to interact with election officials from around the world and for an exchange of ideas that impart information useful to accomplishing the EAC mission. Furthermore, the former Chairman advised that it is important for the United States to be represented at these meetings because it is seen as a leader in the democratic process. We understand that participation in these international events may be important to the United States and that the subject of the meetings/conferences has some nexus to elections. That notwithstanding, we believe EAC needs an independent internal review of proposed foreign travel to make sure that EAC involvement is essential to the accomplishment of a specific mission objective.

*Travel Funded
by Non-Federal
Sources*

The EAC policy for control over travel funded by non-federal sources does not provide for an independent determination of whether commissioner attendance at the event is desirable or practical. In addition, commissioners did not follow the EAC requirement for obtaining a General Council determination of whether travel expenses may be accepted. Finally, one of two trips that should have been reported to the Office of Government Ethics was not reported.

EAC's June 29, 2005 policy paper on accepting travel expenses from non-federal sources says that commissioners will determine for themselves whether attendance an event funded by a non-federal source is consistent with their official duties and is in the best interest of EAC. We believe that this policy is not consistent with a key component of internal control - segregation of duties. In particular, responsibilities and duties involving transactions and events should be separated among different employees with respect to authorization, approval, and processing.

The EAC policy also requires that, after travel is authorized for an event, commissioners and other employees shall forward the matter to the General Counsel for a recommendation as to whether travel expenses should be accepted. This recommendation is based largely on a conflict of interest analysis. According to the Deputy General Counsel, only one trip was submitted to the General Counsel. However, we identified two trips that were taken by two different commissioners that should have been referred to the General Counsel. The trips were sponsored by the Mississippi Secretary of State, and the House Democratic Caucus. As the commissioners approve their own travel, the General Counsel has no means to independently determine whether authorized trips are submitted for a conflict of interest analysis.

The EAC policy also references the requirement in 31 USC § 1353 for agencies to file semiannual reports to the Office of Government Ethics if they accept payments in excess of \$250 for a single event. EAC. We identified one trip to Canada by a commissioner that was funded by Elections Canada but was not reported to the Office of Government Ethics.

*Compensatory
Time*

EAC has not yet implemented procedures to give compensatory time to employees who travel on official duty outside their regular work hours. On January 27, 2005, the Office of Personal Management published Federal regulations (5 CFR 550, Subpart N) that authorized agencies to credit employees with compensatory time off, “on an hour-for-hour basis,” for time in travel status if –

- (1) The employee is required to travel away from the official duty station; and
- (2) The travel time is not otherwise compensable hours of work under other legal authority.

Based on flight itineraries, we saw that many EAC employees traveled outside of normal work hours, including on weekends. These trips were authorized by the employees’ supervisors. However, the employees did not request or receive compensatory time. We attributed this situation to a lack of written guidance.

*New EAC
Administrative
Manual a Step
in the Right
Direction*

The EAC published its administrative manual on December 7, 2006. The manual includes a section on travel that establishes requirements for preparing travel authorizations, travel vouchers, and using automobile transportation; identifies activities requiring special approvals; and presents guidance for determining travel status time and for traveling outside the work week. The chapter also refers employees to the FTR for further guidance on temporary duty travel.

Written procedures are one of the cornerstones of good internal controls. In this case, EAC has an adequate start but needs more detailed instructions. For example, there are no sample completed forms to help employees fill out travel authorizations and vouchers. Further, reference to the FTR for guidance on temporary duty travel is not sufficient because the FTR requires Federal agencies to develop agency-specific procedures in 12 areas related to temporary duty travel.

In regard to compensatory time, EAC’s administrative manual authorizes it when EAC supervisors order and approve employee travel outside regular work hours and approve the extra time “after the employees completed” their travel. We believe that compensatory time for travel outside a regular schedule should be

identified and justified in advance of travel by the employee. And, employees should request approval from supervisors for compensatory time in conjunction with processing the travel authorization. Forms should also be developed for tracking compensatory time earned and used.

RECOMMENDATIONS

We recommend that the Executive Director:

1. Implement written procedures for conducting temporary duty travel.
2. Implement written procedures for approving only international travel that is essential to accomplishing the mission of EAC.
3. Modify the procedures for approval of travel funded by non-Federal sources to provide for an independent determination of whether the travel is desired and practical.
4. Implement written procedures for authorizing and tracking of compensatory time for official travel outside of regular working hours.

Summary of Errors Identified in a Review of 43 Sample Authorizations/Vouchers from Fiscal Years 2005 and 2006

<u>Description of Error</u>	<u>No.</u>	<u>Example</u>
<i>Completed travel before authorization issued. FTR requires an authorization before travel.</i>	3	<i>An employee traveled July 19 to July 22, 2005. Travel was authorized on August 31, 2005.</i>
<i>Paid parking at airport without comparison to taxi fares. FTR states that cost of parking may not exceed cost of taxi to/from terminal</i>	9	<i>An employee claimed \$45 for parking but did not show cost of taxi fare.</i>
<i>Determination that transportation expense most advantageous to the government was lacking. FTR limits reimbursement to the cost of travel by a direct route or on an uninterrupted basis and by most advantageous method. Traveler will be responsible for any additional costs.</i>	7	<i>An employee traveled from Buffalo, NY, to Los Angeles and Sacramento, CA and did not compare airfare against a departure from Washington, DC, the official duty station.</i>
<i>Travel authorization not properly completed to show approval of lodging rate higher than standard lodging rate. FTR requires the authorization to include any conditions of or limitations on that authorization and that authorizations be issued in advance if actual expenses are approved.</i>	17	<i>The remarks section of an authorization said that "excessive hotel charges in Santa Fe have been approved." The hotel receipt showed a daily room rate of \$199. The authorization showed a lodging rate of \$85 and did not specify an actual expense rate.</i>
<i>Claimed lodging rate higher than authorized. FTR requires the authorization to include any conditions of or limitations on that authorization and that authorizations be issued in advance if actual expenses are approved</i>	11	<i>An employee claimed a daily lodging rate of \$185 for a stay in Baton Rouge, La. The travel authorization approved a lodging rate of \$71. The remarks section did not comment about the need for higher lodging rates.</i>
<i>Claimed Meals and Incidental Expenses (M&IE) rate but meals were provided or reimbursed with payment of hotel bill. FTR requires the M&IE rate to be reduced for meals provided by the Government or included in a registration fee.</i>	4	<i>An employee claimed the full M&IE rate for 3 days while attending an event for which meals were provided. for \$30.00</i>
<i>Used car service instead of taxi for travel to and/or from residence to airport. FTR says travel must be by the most expeditious means of transportation practicable and commensurate with the nature and purpose of your duties.</i>	5	<i>An employee took a taxi from residence to airport for \$30.00 and used a car service from the airport to residence for \$64.46.</i>
<i>Claimed per diem for stay in location that was not on travel authorization. The FTR states that the temporary duty location on the authorization determines the maximum per diem allowance.</i>	5	<i>An employee traveled to Baton Rouge, Alexandria, and Natchitoches, Louisiana. The travel authorization identified only Baton Rouge and Alexandria as itinerary points.</i>
<i>All arrival and departure dates were not shown on the voucher. The FTR requires the traveler to record the dates of departure and arrival the official station or any other place travel begins or ends.</i>	14	<i>An employee's voucher shows the dates of a stay in a hotel but not the dates of departure or return.</i>

**Summary of Errors Identified in a Review of 43 Sample
Authorizations/Vouchers from Fiscal Years 2005 and 2006**

<u>Description of Error</u>	<u>No.</u>	<u>Example</u>
<i>Claimed tips for maids in addition to M&IE. The FTR says incidental expenses include fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries;</i>	5	<i>An employee claimed \$18 for tips at hotels.</i>
<i>Claimed taxes as part of lodging rate. FTR says taxes are reimbursable as a miscellaneous expense and not as part of the lodging rate.</i>	16	<i>An employee claimed a lodging rate of \$167.56. However, the lodging rate was only \$144.96 and taxes were \$22.61.</i>



U.S. ELECTION ASSISTANCE COMMISSION
1225 New York Ave. NW – Suite 1100
Washington, DC 20005

MEMORANDUM

FROM:  Thomas R. Wilkey, Executive Director

TO: Curtis Crider, Inspector General

DATE: June 26, 2007

SUBJECT: Draft Audit Report: Improvements Needed in Management of Travel
by the Election Assistance Commission
No. I-PA-EAC-01-06

I have reviewed the contents and recommendations and concur with your findings.

EAC Administrative staff has already begun additional training and oversight of employee travel authorizations and travel vouchers and has arranged for additional training by GSA travel representatives on all aspects of Federal Travel Regulations.

EAC Administration and Legal staff will draft internal policies and procedures in accordance with your recommendations within the next ninety (90) days.

Please let me know if we need to do anything further regarding this matter.

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