

**AUDIT REPORT ON THE
TRAVEL OF SBA'S FORMER
[*] REGIONAL
ADMINISTRATOR**

AUDIT REPORT NUMBER 2-22

AUGUST 7, 2002

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U.S. Small Business Administration
Office of Inspector General
Washington, DC 20416

Audit Report
Issue Date: August 7, 2002
Report Number: 2-22

TO: Thomas A. Dumaesq, Chief Financial Officer

FROM: *Robert G. Seabrooks*
Robert G. Seabrooks, Assistant Inspector General for Auditing

SUBJECT: Travel of SBA's Former [*] Regional Administrator

BACKGROUND

The Senate Small Business Committee (the Committee) requested the Office of Inspector General to determine whether SBA's former [*] Regional Administrator's travel complied with relevant travel regulations. The Committee was concerned that the government may have improperly subsidized the former Regional Administrator's weekend travel costs to [*] is over 250 miles from [*] [*] official duty station. The Committee noted that:

- the former Regional Administrator appeared to have self-authorized and self-approved [*] own travel; and
- on 29 of the 38 trips for which it possessed [*] travel documents, [*] traveled through [*]

The former Regional Administrator served in [*] position from [*] [*] responsibilities included providing oversight to [*] district offices located in [*] Although the former Regional Administrator reported to the Associate Administrator for Field Operations, SBA regulations did not prohibit [*] from authorizing [*] own travel and approving [*] own travel reimbursement requests. The former Regional Administrator maintained two residences. [*] [*] travel reimbursement requests did not include lodging while in [*] and did not always include per diem when [*] was in [*] on weekends. SBA paid

the former Regional Administrator \$61,633.67 for expenses relating to 107 travel reimbursement claims.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this audit was to determine whether the former Regional Administrator's government travel complied with applicable travel regulations. We reviewed all 105 paid travel reimbursements and accompanying travel authorizations the former Regional Administrator submitted for the travel period [*]¹ In conjunction with the Investigations Division, we interviewed the former Regional Administrator and present and former SBA employees. The Investigations Division also interviewed individuals associated with the former Regional Administrator. We compared the costs of direct travel from and to the former Regional Administrator's official duty station with the actual incurred costs of [*] indirect travel through [*]

Fieldwork was conducted from March 2001 through February 2002. The audit was conducted in accordance with Government Auditing Standards.

SUMMARY OF RESULTS

The former Regional Administrator's travel did not always comply with travel regulations. We identified erroneous payments totaling \$9,653.34, consisting of \$828.41 for excess travel costs due to indirect travel through [*] and \$8,824.93 for other unallowable travel payments. See Attachment 1 for details. Since SBA allowed Regional Administrators to be the authorizing official on their own travel and the documentation did not always establish whether the travel was essential, we don't believe that SBA appropriately controlled travel in these instances.

The former Regional Administrator self-authorized travel for 258 duty days between [*] [*] During this timeframe, out of a possible 128 weekends, [*] traveled to, from or through [*] on 52 weekends. On 20 of these weekends, the former Regional Administrator's Travel Authorizations and/or Requests for Reimbursement noted [*] was conducting official SBA business in [*] other than solely traveling from or to [*] While there is no prohibition against taking an indirect route while traveling, the travel regulations are clear: any excess cost must be borne by the traveler as a personal expense and the original trip must have an official government purpose. The combination of the frequency of trips involving [*] the inability to reconstruct satisfactory justification for some [*] trips from travel documentation, the use of allowed self-authorization and self-approval of many of these trips, and the identification of instances of excess costs relating to trips through [*]

¹ Two of the 107 travel reimbursement claims made by the former Regional Administrator were for periods subsequent to [*] and were not reviewed during this audit. Two of the 105 reviewed travel reimbursements were for invitational travel prior to the former Regional Administrator officially being an SBA employee and a third was for travel starting the day before [*] officially started and continuing after [*] was on board.

gives the appearance that official government travel was not appropriately controlled by SBA. Accordingly, safeguards must be implemented to ensure that SBA has control over official government travel and eliminate the appearance of, and possible actual, travel abuse. SBA has taken steps to preclude this situation from recurring in the future.

RESULTS

Finding 1: Management Controls Did Not Ensure That Reimbursement Requests Met Government Requirements Or That SBA Appropriately Controlled Travel

The former Regional Administrator's travel did not always comply with travel regulations. As a result, this official received \$9,653.34 in payments from SBA to which [X] was not entitled. Of this amount, \$828.41 was from travel reimbursement requests that included excess travel costs involving [X]. However, [X] frequent trips to [X] many of which [X] self-authorized and/or self-approved payment, gave the appearance that official government travel was not properly controlled. While SBA's Standard Operating Procedure 20 11 4 "Travel" (Travel SOP) did not prohibit [X] from doing this, when a traveler authorizes [X] travel and approves [X] request for travel reimbursement, there is no independent supervisory review ensuring the travel is necessary and the claimed expenses are appropriate. While the Denver Finance Center should have been an additional independent review ensuring that claimed expenses were appropriate, it paid various expenses that should not have been paid. SBA needs to obtain reimbursement for the unallowable travel payments. In order to minimize inappropriate travel and the appearance of inappropriate travel, SBA needs to ensure that there is adequate separation of duties in the travel process. A traveler should not be the only individual that authorizes the travel and approves the request for travel reimbursement. The Denver Finance Center needs to do a more thorough job of reviewing the reimbursement requests.

Travel did not always comply with the applicable travel regulations

Of the \$9,653.34 in questioned costs, the former Regional Administrator self-approved payment for over 80 percent of the costs.

Indirect travel through [X] - We are questioning \$828.41 for indirect travel. These questioned costs constitute the additional transportation costs the former Regional Administrator charged SBA for traveling through [X] rather than using the most direct travel. The Federal Travel Regulation limits reimbursement to the cost of travel by a direct route or on an uninterrupted basis.

Conference related travel - We are questioning \$4,413.90 for conference related travel authorized after completion of the conference. The Federal Travel Regulation requires advance written or electronic authorization for travel expenses related to attendance at a conference.

Travel expenses on days that travel was not authorized and expenses for an unauthorized car rental - We are questioning \$2,976.28. The Federal Travel Regulation requires authorization to travel and specific authorization for use of a rental car.

X
FOIA EX. 6

Duplicate payments - We are questioning \$643. The Travel SOP includes a measure to ensure that duplicate payments are not made.

Inadequately documented expenses - We are questioning \$481.75. The Federal Travel Regulation requires receipts for all lodging expenses and any other expenses costing over \$75.

Unused airline tickets - We are questioning \$250. The Travel SOP states that employees will not make claims for unused tickets.

Per diem in excess of permissible amounts - We are questioning \$60. The Federal Travel Regulation specifies dollar amounts for per diem and 75 percent of those amounts for the first and last days of travel.

The former Regional Administrator started [X] federal service shortly after the beginning of the period we audited. [X] stated that being a new Federal employee, [X] was unfamiliar with SBA regulations and rules. As such, [X] stated that [X] relied on an SBA employee to properly prepare [X] travel vouchers and the Denver Finance Center to call about any errors. The former Regional Administrator had the authority to authorize the trips to conferences and the unauthorized travel days. While we are questioning travel costs when travel to conferences was post-authorized and travel days were not authorized, we did not conclude that the former Regional Administrator was not conducting SBA business on those days. The Denver Finance Center did not question many unallowable charges, and as such, the same errors continued to be made. SBA had not updated its Travel SOP to require prior authorization to conferences, though required by the Federal Travel Regulation. The Denver Finance Center apparently was not enforcing this regulation.

Frequent travel to [X] gives the appearance official government travel was not appropriately controlled by SBA

The facts surrounding the former Regional Administrator's travel to [X] gives the appearance that official government travel was not appropriately controlled by SBA. Specifically:

No supervisory authorization of travel or approval of travel reimbursement requests was required - On 65 of the 74 reimbursements that included the former Regional Administrator leaving from, traveling to, and/or returning to [X] the former Regional Administrator authorized the trip and approved the travel reimbursement request.² While SBA's Travel SOP did not prohibit [X] from doing this, when a traveler authorizes his/her travel and approves his/her request for travel reimbursement, there is no independent determination that the travel is necessary and the claimed expenses appropriate.

² This excludes 6 trips during the time the former Regional Administrator claimed [X] still resided in [X] that either started and/or ended in [X]

Frequency of travel to [*] - On 74 of the 97 relevant travel reimbursement requests we reviewed, the former Regional Administrator spent time in [*]³ This includes 14 reimbursements where we are questioning part of the payments because the former Regional Administrator inappropriately used indirect travel so that [*] could leave from, be in, and/or return to [*] The travel documents list reasons why the former Regional Administrator was in [*] on travel for various days, e.g., worked from [*] District Office all day, flew to [*] District Office for a meeting, and attended Citizenship Day Celebration. We could not always (1) determine nor confirm what specific SBA related business the former Regional Administrator was accomplishing, (2) determine that the travel was essential for the accomplishment of SBA's programs and missions, or (3) determine that the work done in [*] could not have been done more effectively and efficiently in [*] While the traveler is not required to document why the travel was essential, the supervisor and authorizing official, which in many travel authorizations included in this audit was the traveler, certify to this fact.

Frequency of weekends spent in [*] - During the 128 weekends included in the timeframe we reviewed, the former Regional Administrator stayed at least part of 52 weekends in [*] For 48 of those weekends (38 percent of the weekends in the time period reviewed) [*] self-authorized the travel. Again, the documentation was insufficient for us to determine whether or not the former Regional Administrator conducted business necessary to accomplish SBA's programs and missions that allowed him to remain in [*] for many of these weekends.

Obtaining government rates for indirect travel - The former Regional Administrator inappropriately used government airline fares for indirect travel to [*] despite the Federal Travel Regulation prohibiting this practice.

SBA's policy required that only travel necessary to accomplish the purposes of SBA should be authorized. Certain SBA employees, including Regional Administrators, were not prohibited from authorizing their own travel and approving their own travel reimbursement requests. According to the "Travel System Requirements" established by the Joint Financial Management Improvement Program (JFMIP), separation of duties is mandatory for all travel functions. The General Accounting Office's (GAO) Standards for Internal Control in the Federal Government state that key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. No one individual should control all key aspects of a transaction or event. GAO recommended in "VA Travel: Better Budgeting and Stronger Controls Needed" (GAO/GCD-99-137) that a Federal agency allowing individuals to authorize their own travel periodically monitor that travel.

If SBA does not have an independent official ensuring compliance with relevant regulations, it creates the opportunity for abuse that could result in expenses for travel and salaries that are not applicable to its operations. At the minimum, it gives the appearance that the

³ We excluded 8 of the 105 requests that we reviewed. Six trips beginning and/or ending in [*] were excluded because it was during the time period the former Regional Administrator claimed [*] was still residing in [*] We excluded 2 additional requests because the former Regional Administrator submitted multiple requests for reimbursement for the same trip.

travel is not appropriately controlled by SBA. Even an appearance detracts from the reputation of the Agency. By allowing self-authorization of travel, SBA had no independent official determining that the former Regional Administrator's travel was necessary. By allowing self-approval of requests for reimbursement, the only independent review of this request was the Denver Finance Center, which paid various reimbursement requests that violated the Federal Travel Regulation. The Chief Financial Officer (CFO) acknowledged that the Denver Finance Center's examination procedures needed strengthening and that [X] office was in the process of strengthening it.

We believe that proper management controls are needed to ensure that there is not even an appearance of abuse. Subsequent to the former Regional Administrator's authorizing [X] own travel related to the days in question, SBA made modifications to the authorization and approval processes which should improve accountability over the travel of Regional Administrators. SBA revised its travel procedures by issuing Policy Notice 2000-559, effective September 1, 2000 and expiring September 1, 2001. According to this Policy Notice, the Associate Administrator for Field Operations was required to:

- authorize travel authorizations outside Regional Administrators' jurisdictions, and
- review and approve that travel reimbursement requests are valid, including knowing the Regional Administrators' activities while on travel. This review was conducted after the travel was completed.

In addition, during 2001, the former Acting and the former Associate Administrator for Field Operations, though not required, started authorizing all travel of Regional Administrators. Authorization is conducted prior to the travel occurring and includes ensuring that the travel is for official government purposes.

SBA is in the process of issuing a new Travel SOP. If issued as drafted, Regional Administrators will not be able to self-authorize travel or self-approve travel reimbursement requests outside his/her jurisdiction, over 12 hours, or involving personal travel. This should address most of our concerns in this matter.

Implementation of a prior audit recommendation that the CFO provide additional training to voucher examiners as appropriate, should help to minimize inappropriate travel payments in the future. The recommendation is contained in the Office of Inspector General's September 28, 2001, audit report "Agreed-Upon Procedures Report on Sensitive Payments" (Audit Report Number 1-20).

The former Regional Administrator has maintained an open dialogue with our office, discussing the information in this report and providing supporting documentation. [X] indicated [X] is continuing to obtain documentation concerning travel to [X] as of the date of this report. The Denver Finance Center is also searching for a missing travel authorization that the former Regional Administrator stated was prepared and a former SBA employee stated was submitted with the Request for Reimbursement. This documentation may modify some of the questioned costs included in this report.

Recommendations

We recommend the Chief Financial Officer:

- 1A: Issue the Travel SOP to include requiring the Associate Administrator for Field Operations to authorize travel and approve travel reimbursement requests for Regional Administrators when they are outside their jurisdiction, the travel is for over 12 hours, or the travel involves personal travel.
- 1B: Obtain reimbursement of \$9,653.34 from the former Regional Administrator for the unallowable travel payments or documentation sufficient to establish that these are allowable costs.
- 1C: Provide training on relevant travel rules and regulations to all newly appointed authorizing and approving officials within 30 days of their appointment.

Auditee and SBA Management Comments

Former Regional Administrator Comments

The former Regional Administrator disagreed with almost all of the questioned costs. [X] commented on each questioned cost and noted some expenses that were not included on the reimbursement requests. [X] also submitted documentation confirming claimed costs on a reimbursement request. The former Regional Administrator also made the following comments which are not specific to individual trips:

1. While most of the vouchers were incomplete and had improper documents, it was the fault of [X] Being new to the Federal Government, [X] relied on [X] to prepare the travel vouchers, providing [X] with a list of where [X] had been, including all trip receipts. [X] could have corrected the errors if [X] had been notified. [X] did not feel responsible as [X] had no control over this. Since [X] had not been informed, apparently the Denver Finance Center certified and paid the vouchers.
2. It did not seem reasonable that [X] be asked to justify the trips to [X] more than a year after leaving SBA. [X] did not have access to information necessary to justify trips to [X].
3. [X] provided explanations as to why [X] needed to spend so much time in [X].
4. The national office said it was satisfactory for [X] to fly directly into [X] after a longer trip if [X] had business functions there and there was nothing in [X] that [X] could not handle from [X].

X
FOIA EX. 6

The former Regional Administrator also included a letter from SBA's [*] District Director and an unsigned letter from a former SBA Community Outreach National Director. Both attested that he spent a considerable amount of time in [*] while [*] was the Regional Administrator. The former Regional Administrator's written response is included as Attachment 2.

Chief Financial Officer (CFO) Comments

The CFO stated that his office is responsible for issuing Agency policies and procedures on travel. Since the new Travel SOP should incorporate the changes recommended in the draft report's Recommendation 1A and should be issued in the near future, this recommendation is not necessary, or should include the action that has already occurred. The CFO agreed with recommendation 2A, though he suggested that the recommendation include that the letter to the former Regional Administrator include a request for documentation on the questioned items in lieu of cash payment, where appropriate. Additional comments the CFO made were:

1. At the time the travel occurred, the former Regional Administrator was permitted to self-authorize and self-approve [*] own travel. It would be more appropriate to summarize this and the Office of Inspector General's (OIG) concerns with the appearance issues. Is there a need to repeatedly reference the fact that the former Regional Administrator self-authorized and self-approved the travel and requests for reimbursement?
2. The changes have been codified in SOP 20-11 and this fact should be reflected in the report.
3. Though the Federal Travel Regulation required pre-approval for conferences, SBA's travel policies did not. Since SBA employees rely on SBA's issuance of revisions, the OIG should reconsider a denial of those claims.
4. While the JFMIP travel system requirements do not set policy, proper internal controls dictate a separation of duties and the travel policy is being modified accordingly.
5. The report is incorrect in stating "If SBA does not have an independent official ensuring compliance with relevant regulations . . ." because the voucher examination process does serve as an independent review for compliance with regulations." This statement should be reworded to reflect that a process exists, although it needs to be strengthened.

The CFO's written comments are included as Attachment 3.

Associate Administrator for Field Operations Field Operations (AA/OFO) Comments

The AA/OFO agreed with recommendations 1A and 1B included in this report. In response to recommendation 1A in the draft report (which recommended formalizing Field Operations' unofficial policy of authorizing Regional Administrators travel), Field Operations

stated that the new Travel SOP, when issued, would require Regional Administrators travel be authorized by AA/OFO. In addition, before approval, all authorizations and vouchers will be carefully reviewed by Field Operations. The AA/OFO's written response is included as Attachment 4.

OIG Evaluation of Auditee and SBA Management Comments

Former Regional Administrator

We reviewed the explanations for each questioned cost and the submitted documentation. We modified the questioned amounts, as appropriate. We have not reviewed charges that were not claimed.

Our analysis of the former Regional Administrator's other comments follow.

1. Whether or not the former Regional Administrator relied on his administrative assistant, the former Regional Administrator was still responsible for ensuring the information was correct and that the travel regulations were followed. According to SBA's Travel SOP:

Travelers are responsible for the accurate and complete preparation of their claims. Their responsibility for errors of omission or commission cannot be shifted to another individual.

We agree that SBA should not have paid the inappropriate claims. By not initially questioning inappropriate amounts, the same errors continued to be made. Regardless of that, the former Regional Administrator should not receive payment for inappropriately claimed amounts.

2. The documentation was not always sufficient for the auditors to determine the purpose of travel. The lack of documentation was used to reach our conclusion that SBA did not adequately control travel. In the final report, the only questioned costs, where recollections of reasons for being in [*] were necessary, were for indirect travel. These were ordinarily questioned only when the former Regional Administrator arrived in [*] in the late afternoon or evening on a Friday, or left from [*] when [*] should have left from [*]
3. SBA procedures permitted a lack of separation of duties concerning the authorizing of Regional Administrator travel. While all of this travel to [*] may well have been essential to SBA's mission, the traveler was the only one who was determining whether much of it was essential. The situation highlights the lack of control SBA had over the travel process and we modified the report to state that.
4. In order for the former Regional Administrator to travel at government expense for "business functions," those functions had to be essential to SBA's programs and missions. Government travel would not be permissible if the former Regional

Administrator was able to handle work in [*] that could be done more effectively and economically in [*] and there were no "essential" business functions going on in [*]

Chief Financial Officer

Recommendation 1A has been modified to include the CFO's suggested changes and recommendation 1B has been modified to specifically allow additional documentation to be provided. Since the Travel SOP has not been issued in final at the time of the report's issuance, the recommendation is that the Travel SOP, with the appropriate requirements, be issued in final. Our analysis of the CFO's other comments follow.

1. While the draft states that travel self-authorization and self-approval were allowed, we highlighted that fact and reduced the number of times we referenced this issue.
2. The report now discusses the latest version of the draft Travel SOP. The draft we reviewed requires most Regional Administrator travel be authorized and approved by Field Operations.
3. The report has been modified to include a discussion of why the Federal Travel Regulation may not have been followed. However, since the Federal Travel Regulation applies to all agencies and does not include exceptions to the prior authorization rule, we questioned these travel costs.
4. We cited the JFMIP travel system requirements to show that there is a requirement for separation of duties. Based on the Foreward of the JFMIPs "Travel Systems Requirements," we believe that SBA should follow this requirement. The Foreward states:

This travel system functional requirements document for government civilian employees is one in a series issued by the Joint Financial Management Improvement Program (JFMIP) in support of agency operations. . . . Upon issuance, including future mandated implementation dates for specific requirements, agencies are to comply with these requirements in planning improvements to their financial systems.

The CFO agrees that there is a need for this separation of duties.

5. The report was modified to include the voucher examination process.

Associate Administrator for Field Operations

The recommendation has been modified to recommend that the CFO issue the Travel SOP. The Travel SOP should require the Associate Administrator for Field Operations to

authorize travel and approve travel reimbursement requests for Regional Administrators when travel is outside a Regional Administrator's jurisdiction, is for over 12 hours, or involves personal travel.

* * * * *

The findings included in this report are the conclusions of the Office of Inspector General. The findings and recommendations are subject to review, management decision, and corrective action by your office in accordance with existing Agency procedures for follow-up and resolution.

Please provide us your management decision for each recommendation within 80 days. Your management decisions should be recorded on the attached SBA Forms 1824, "Recommendation Action Sheet," and show either your proposed corrective action and target date for completion, or explanation of your disagreement with our recommendations.

Any questions or discussion of the issues contained in the report should be directed to Robert Hultberg, Director, Business Development Programs Group, at (202) 205-7577.

Attachments

Summary of Unallowable Reimbursements⁴

Voucher No.	Payment Date	Amount Questioned	Justification
* * * * *	[]	\$151.28	Excess travel expenses due to indirect travel through [*]
		\$70.90	same
		\$11.20	same
		\$42.00	same
		\$21.00	same
		\$172.67	same
		\$56.00	same
		\$132.00	same
		\$20.00	same
		\$57.50	same
		\$30.84	same
		\$10.00	same
		\$33.50	same
		\$19.52	same
		\$828.41	
* * * * *	[]	\$161.20	Travel authorized after completion of the attended conference.
		\$357.63	same
		\$1,110.76	same
		\$313.94	same
		\$881.02	same
		\$271.22	same
		\$430.94	same
		\$736.19	same
		\$151.00	Same
		\$4,413.90	
2	[]	\$352.63	Unauthorized Travel day(s).
		\$320.21	same
		\$1,370.46	same
		\$31.50	same
		\$149.50	same
		\$42.00	same
		\$584.33	same
		\$125.65	Unauthorized car rental.
\$2,976.28			

⁴ Some unallowable expenses can be questioned for more than one reason, e.g., travel was authorized after completion of a conference and part of the airline flight, while paid by SBA, was not used. This table only includes one reason for each questioned expense.

Voucher No.	Payment Date	Amount Questioned	Justification
		\$643.00	Previously paid on [*]
		\$85.00	Airline receipt for [*] was not included with the reimbursement request.
		\$230.00	No receipt for [*] flight.
		\$166.75	Airline receipts for trip were not included with the reimbursement request.
		\$481.75	
		\$250.00	Coupon for return flight [*] unused.
		\$42.00	Per diem for [*] paid twice.
		\$18.00	75 percent per diem paid for [*] on both claims, resulting in 150 percent received for one day.
		\$60.00	
Total Reimbursements			
Unallowable:		\$9,653.34	

*
FOIA EX.6

June 10, 2002

[*]
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 [*]

Robert G. Seabrooks, AIG
 U.S. Small Business Administration
 Office of Inspector General
 409 Third Street S.W.
 Washington, D.C. 20416

Dear Mr. Seabrooks:

Pursuant to your letter dated, April 4, 2002, regarding "Audit Report on the Travel of SBA's Former [*] Regional Administrator." After reviewing all vouchers in question, I was dismayed to learn that most of the vouchers were incomplete, improper documents with wrong travel dates and numerous typo's by former [*] and then paid carelessly. You will find those comments in the attached spreadsheets.

[*] appointed me as Regional Administrator for [*]
 [*] My background was as [*] Thus, I came to the federal government unfamiliar with any regulations and rules of SBA. I was also informed that my job was to promote the agency to help meet the directives of the White House for New Market Goals, such as help in public relations as to products of the agency, as well as the oversight duties of the [*] district offices in the region. [*]
 [*] The District Director who is a [*] has strong ties to small businesses and is very active in the district community.

Because I was well known in [*] with over 15 years of service to the public, I was asked frequently to visit [*] and participate in numerous business functions. Frequently, I met with bankers, government officials, and various civic organizations and attended numerous SBA training sessions. I spoke at various chambers of commerce meetings and assisted the District Director with requests made in meetings, etc.

I was also asked by the District Director to work with him on a case where "C" stores were being bought and sold by a contractor. These loans were being flipped with our guarantees. I met with the bankers on numerous occasions. As a result, indictments have now been returned on these cases according to [*] District Director.

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 FIA EX. 6

Because I was new to the Federal Government, I had to rely on [*] for preparing my travel vouchers in accordance with Travel SOP 20 11. I always made sure to give [*] my itinerary and the reasons for travel. At the conclusion of all travel, I provided [*] the folder, which contained a list of where I had been, including all receipts for the trip. When questioned about travel [*] would tell me not to worry because if [*] made a mistake Denver finance would call us. Apparently, Denver finance certified them and paid all these vouchers because I had not been informed otherwise.

If I had business functions [*] after a longer trip, I would fly directly to [*] rather than fly to [*] if there was nothing in [*] that I could not handle from [*] Again, all of this should be included in my itinerary. All of this was satisfactory according to the national office.

The following explains why I disagree with the summary of results on the "Unallowable Reimbursements." Please see the following order on the spreadsheet.

A. Travel authorized after completion of the attended conference:

[*] All these payments could have been corrected if I had been notified. I do not feel I am responsible because I had no control what so ever over this. See attached.

B. Unauthorized Travel day(s):

There were errors on dates of the travel, altered travel authorization, and a rental car was claimed with an incorrect voucher, which should have been filed separately. [*] made all these errors. Again, this should have been corrected for proper payments. See the rest of the items on the spreadsheet for the explanations.

C. Billed agency for travel from [*] but description on Travel Voucher excludes these trips:

This trip was supposed to take place from [*] [*] The afternoon of [*] I attended a meeting among lenders and the District Director. [*] did not complete this voucher.

Traveled and billed agency for flight from [*] On Travel Voucher, claims went from [*] I provided this itinerary folder to [*] If I did not go [*] I should have been informed and would have corrected the claim at that time but I was not informed.

D. See attached spreadsheet for the explanation.

E. Excess Travel expenses due to indirect travel expenses due to indirect travel through [*]

See attached spreadsheet for the explanation.

Additionally, the days paid for were allowed by the fact that I was authorized to set my own travel schedule in accordance with Travel SOP 20 11 4, the SBA Notice 2000-559.

In setting that schedule I took into account the fact that it was far cheaper to fly into and attend some business functions a day or two rather than to fly back to and then back to . Quite often the business functions were held on after duty hours and weekends.

F. I have no knowledge on the coupon in the amount of \$250.00.

G. Travel Voucher for \$643.00 was prepared under funded by HQ. The Office of Field Operations changed the Auth # see travel voucher block #7 and resubmitted to Denver finance. Subsequently, Denver paid twice on the same trip.

H. See attached spreadsheet for the explanation.

Above all, I disagree with the summary of results. Particularly, it does not seem reasonable that I be asked to justify the trips to listed in this draft after I left the agency. As mentioned above, those files were removed from the office when left for the District Office. I do not have access to that information. Further, when I left the office, as instructed I did not bring any SBA materials with me.

Under all these circumstances, I conclude that I am willing to pay the \$643.00 that I was paid twice, although that was not my mistake to begin with.

I appreciate your fair judgment in this matter.

Sincerely yours

Attachments

In Response to Summary of Unallowable Reimbursement

Voucher No.	Payment Date	Amount Questioned	Adjustments	Travel authorized after completion of the attended conference.	Justification/Comments
A	[]	\$ 161.20	0.00	same	* []
		\$ 357.63	0.00	same	* []
		\$ 1,110.76	0.00	same	* []
	* []	\$ 313.94	0.00	same	* []
		\$ 881.02	0.00	same	* []
		\$ 271.22	0.00	same	* []
		\$ 430.94	0.00	same	* []
		\$ 736.19	0.00	same	* []
	[]	\$ 151.00	0.00	same	* []
		\$ 4,413.90	0.00		* FOIA EX 6

B																
C																

0.00	Unauthorized Travel day(s)				
0.00	same				
0.00	See Group A				
0.00	same				
0.00	same				
0.00	same				
0.00	same				
0.00	See Group D				
0.00					
0.00	Billed agency for travel from [] but description on Travel Voucher excludes these trips.				
46.56	Traveled and billed agency for flight from [] On Travel Voucher, claims went from []				
46.56					

*					
*	[] TO/21 was altered by				
*					
*					
*					
*					
*					
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*					
*					
*					
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*					
*					
*					

correct, no overpaid. This TV is
separate voucher. This should have been reclaimed on a

* FOIA EX. 6

	<input type="checkbox"/> Actual expenses for lodging \$69. approved included some meals. \$28.50 overpaid, not \$132.	\$ 132.00	28.50 same	<input type="checkbox"/> Continued TDY <input checked="" type="checkbox"/> before & after this trip. No over paid.
		\$ 20.00	0.00 See Group B	
		\$ 57.50	0.00 same	<input checked="" type="checkbox"/>
		\$ 30.84	0.00 same	<input checked="" type="checkbox"/> This was one day travel. 10 hr rule applied. RA traveled about 13 hrs and claimed 3qtrs. No overpaid.
<input checked="" type="checkbox"/>		\$ 10.00	0.00 same	<input checked="" type="checkbox"/>
		\$ 33.50	0.00 same	<input checked="" type="checkbox"/>
		\$ 19.52	0.00 same	<input checked="" type="checkbox"/>
		\$ 1,051.22	-11.50	
F		\$ 250.00	Coupon for return flight <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
G		\$ 643.00	643.00 Previously paid on <input checked="" type="checkbox"/> under <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
H		\$ 42.00	42.00 Per diem for <input checked="" type="checkbox"/> paid twice	<input checked="" type="checkbox"/>
		\$ 18.00	18.00 75 percent per diem paid for <input checked="" type="checkbox"/> both claims, resulting in 150percent received for one day.	<input checked="" type="checkbox"/>

* FIA EX. b

			\$ (145.50)		Traveled <input type="checkbox"/> M&IE on <input type="checkbox"/>	<input checked="" type="checkbox"/> for \$141.50 & Toll fee \$4. <input checked="" type="checkbox"/> Not claimed <input checked="" type="checkbox"/>
		\$ 10.50	0.00		<input type="checkbox"/> 100 percent per diem paid for the day of departure. <input checked="" type="checkbox"/> This TV is correct, not overpaid.	
		\$ 70.50	\$ (85.50)			
		\$ 11,807.24	\$ 592.56			
Total Reimbursements						
Unallowable:						

* Form EX-16

My name is [*] District Director of the U.S. Small Business Administration [*] District Office. I was the District Director of the [*] District Office for the entire time that [*] was the Regional Administrator for [*] of the U.S. Small Business Administration. [*] asked me to give a statement as to my knowledge of some of [*] official visits to [*]

[*] was the only Regional Administrator in [*] that I am aware of that was not allowed to pick [*] own secretary. I was further aware that there was a very strained relationship between [*] and [*] secretary. To the best of my knowledge when [*] was sworn in [*] was not given any training on submitting travel vouchers using Government regulations.

To my best recollection I will testify under oath that I am aware that [*] spent at least 50 man-days in [*] tenure as RA. I attended meetings with [*] on Saturdays on several occasions. For instance, [

Because [*] I arranged for an office for [*] to have and it was used by [*] on many different occasions. I did not keep a record of the times [*] was here due to the fact that [*] was my superior. [*] also attended several conference calls with Central Office and the Regional Office while [*] was in the [*] Office.

I can further state that I did cash several checks for [*] and I can certify that on the issue date, [*] was in [*]

My relationship with [*] was a professional one with the one exception that I attended [*]

If there is any additional information I can supply, please do not hesitate to contact me.

[*]
District Director
6-6-02

*
FIA EX. 6

June 5, 2002

[*]

Dear [*]

You asked me to comment about your work and efforts that supported the goals of the [*] during our tenure at the U.S. Small Business Administration. You were the most supportive and actively involved Regional Administrator and because of it-the goals were accomplished and great work was done.

[*]

Many of our activities, meetings, and trainings took place in [*] with your participation. Frankly, they were successful because of your high profile in the local [*] community and your talents to bring and convince the local business and leadership community to work with the SBA.

Specifically, you were involved in the following which all took place in [*] [*]

- Meetings with the Chairman of the United States [*] [*]
- Meetings with the leadership of [*]
- Attending events including luncheons, business meetings and mixers organized by the local [*]
- Strategic sessions to plan a national 5-day outreach training in [*] The planning for this effort took about two months-you attended several meetings with me with local community organizations,

*
FOIA EX. 6

- Participation and attendance in the entire 5-day training program,
- Visiting local [*] to get buy-in for our outreach efforts and
- Representing the [*] at local small business functions- (this occurred because of travel budget restraints)

[*] my memory is not as sharp as I would like it and I may have missed several others key items. Clearly, you were quite involved with the [*] [*] work to increase loan and technical assistance to the [*] community. Your efforts also expanded beyond [*] Your attendance (upon my request) at the national conference of the [*] [*] held in [*] was critical as were other venues that you provided support and guidance.

If you need additional information, please do not hesitate to call me at [*] [*]

Sincerely,

[*]

~~FOIA~~
FOIA EX. 6

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

DATE: May 28, 2002
TO: Robert Seabrooks
AIG/Auditing
FROM: Tom Dumaresq *Dumaresq*
CFO
SUBJECT: DRAFT Audit Report on Former Region[*] Administrator Travel

Thank you for the opportunity to comment on your DRAFT report dated April 4, 2002. I have met with your staff and discussed these comments. They are as follows.

1. SBA's travel policy and procedures (SOP 20-11) during the timeframe of the travel in question did not require the approval or authorization of the former Regional Administrator's travel or voucher by anyone other than [*] As such, it would be more appropriate to summarize this fact and your office's concerns regarding the appearance issues. However, we question the need to repeatedly reference the former Regional Administrator's self-authorization and approval throughout the report.
2. As you also reference in the report, the Agency strengthened its policies and procedures in this area, and the AA/Field Operations went even further and began requiring that all Regional Administrator travel be approved and authorized at a higher level. This expanded policy has now been codified in the latest version of SBA's SOP 20-11 that will be issued shortly. These facts should be reflected in the report.
3. While the GSA Federal Travel Regulations (FTR) were amended in early 1998 to require pre-approval for conferences, SBA's travel policies and procedures (SOP 20-11) during the timeframe of the travel in question did not require the pre-approval of conference travel. SBA employees have appropriately become reliant on SBA's issuance of revisions to its SOP through Notices to reflect GSA travel regulation changes. The SBA's delinquency in updating its internal policies and procedures contributed to your finding in this area. Therefore, a reconsideration of your denial of claims should be reconsidered.
4. While referenced in the report, the JFMIP travel system requirements do not set policy. However, we agree that proper internal controls dictate a separation of duties, and as mentioned above, we are modifying our travel policy accordingly.
5. We disagree with the reference to our travel procedures made through the statement on page 6 that reads in part, "If SBA does not have an independent official ensuring compliance with relevant regulations..." This implies that SBA does not have such a review process, when in fact the voucher examination process does serve as this independent review for compliance with regulations. We agree that both the up-front procedures need strengthening (as referenced above), and we also agree that our examination procedures need strengthening (and we are in the process of doing just that). This should be reworded to reflect the fact that a process exists, although it needs to be strengthened as stated.

*
BIA EX. 6


Relative to the two recommendations:

6. The CFO is responsible for issuing Agency policies and procedures on travel through its management of SOP 20-11, not the AA/Field Operations. In addition, as stated above, we have already incorporated the recommended changes in the latest version of SOP 20-11, and this SOP will be issued in the very near future, probably close to the time this report is issued. Therefore, this recommendation is not necessary, or at a minimum, the SBA management taken already should be included so that no 1824 process is needed.
7. The CFO agrees to write to the former Regional Administrator and request reimbursement for the amounts considered to be paid in error. Our letter will again request the former Regional Administrator to provide documentation on the questioned items in lieu of cash payment, where appropriate. We believe this is an appropriate management action and would suggest that your recommendation include this as an alternative, since your findings clearly indicate that missing documentation is a key element of several of the disallowed mounts.



U. S. SMALL BUSINESS ADMINISTRATION ATTACHMENT 4
OFFICE OF FIELD OPERATIONS
409 3rd STREET SW, SUITE 5800
WASHINGTON, DC 20416

May 28, 2002

TO: Robert G. Seabrooks, Assistant Inspector General for Auditing
FROM: 
David W. Frederickson, AA/OFO
SUBJECT: Response to the Audit Report on the Travel of SBA's Former Region [*]
Regional Administrator

The Recommendations were:

- IA: We recommend the Associate Administrator for Field Operations formalize the policy of authorizing Regional Administrators travel to ensure that travel is for official SBA business purposes.
- Response: The new Travel SOP, 20-11-5, when issued, requires Regional Administrators travel be approved by AA/OFO. In addition, before approval, all Authorizations and Vouchers (including SF 1164s for local travel) will be carefully reviewed by Field Operations.
- 1B: We recommend the Chief Financial Officer obtain reimbursement of \$11,807.24 from the former Regional Administrator for the unallowable travel payments.
- Response: We agree with this recommendation.

If you have any questions or wish to discuss our response, please contact me at 205-6556.

Cc: Robert L. Gangwere
Thomas A. Dumaresq, Chief Financial Officer

*
FIA EX. 6

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