

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



Office of the Secretary

***Internal Controls Over Premium-Class
Travel Need to Be Strengthened***

Audit Report No. BSD-18154-7-0001/ March 2007

Office of Audits, Business and Science Division





UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

MAR 30 2007

MEMORANDUM FOR: Otto Wolff
Chief Financial Officer and
Assistant Secretary for Administration

FROM: Johnnie E. Frazier

SUBJECT: *Internal Controls Over Premium-Class Travel
Need to Be Strengthened*
Audit Report No. BSD-18154-7-0001

Attached is the final report on our audit of premium-class air travel at the Department of Commerce. The objective of our review was to determine whether the Department properly authorizes and justifies premium-class travel according to its own internal policies and the requirements of the *Federal Travel Regulation (FTR)*. We found numerous instances of noncompliance with the FTR regarding the approval of premium-class travel, as well as instances in which the premium-class travel was not properly justified. This is primarily because of poor internal controls and outdated Departmental policy guidance. To address these issues, we made recommendations designed to improve the Department's controls over premium-class travel.

We appreciate the level of attention and careful consideration that you and your staff took to address our findings and recommendations. We have noted that the Department has generally agreed with the findings and recommendations and has already begun to take action to address the problems. A copy of the Department's entire response is included as an attachment to this report. Our findings are discussed in full beginning on page 4. Our recommendations appear on page 7.

Introduction

We conducted this audit because of the potential for problems associated with premium-class travel and findings reported by the Government Accountability Office (GAO) following its audit of travel at another federal agency. First-class and business-class (i.e., premium-class) air travel is significantly more costly than coach service, and its use must therefore be properly controlled. The General Services Administration's *Federal Travel Regulation* requires that travelers fly coach for official domestic and international air travel, unless they are specifically authorized by their agency to fly either first or business-class.



The FTR¹ allows agencies to approve first-class airline travel (1) when no coach or business-class accommodations are reasonably available or (2) when such an upgrade is needed to accommodate a documented disability or other special need, exceptional security circumstances, or the agency's mission. Agencies are likewise allowed to approve business-class air travel² when, among other things, it is necessary to accommodate a disability or the agency's mission, coach is unavailable, or the travel is international and involves flight time in excess of 14 hours. The FTR also states that employees on official government travel must exercise the same care in incurring expenses that a prudent individual would exercise when traveling on personal business.

Commerce's Travel Program

Within Commerce, the Office of Administrative Services' Travel Management Division (Office of the Secretary) has primary responsibility for administering the Department's travel program. It is responsible for developing and disseminating Department-wide travel policy, as well as giving employees advice and guidance on travel policy and regulations and on proper preparation of travel forms. As part of these responsibilities, the division must ensure that employees who fly premium class are properly authorized to do so.

The *DOC Travel Handbook*,³ supplements the FTR with Commerce-specific travel requirements. It contains official Commerce travel policy, related guidance for Commerce employees, and internal controls for administering travel. The sections that cover premium-class air travel were issued in May 1990 and September 1992, and require, among other things, that requests for such accommodations be made on Form CD-334, *Request for Approval of Extra Fare Air Accommodations*, and approved by the Chief Financial Officer (CFO) and Assistant Secretary for Administration (ASA). The CD-334 must include specific justifications for each leg of the trip for which premium-class travel is requested. Form CD-29, *Travel Order*, and the CD-334 must be authorized before premium-class airline tickets are issued by the federal travel management center⁴ that services the agency or by the carrier. The handbook specifies that the existence of a handicap or physical impairment requiring premium-class accommodations must be recertified every 2 years.

In October 1993, an internal memorandum from the Acting CFO/ASA to Secretarial officers and heads of operating units modified the Department's policy regarding premium-class air accommodations as follows:

1. Secretarial officers received authority to approve premium-class air accommodations for their employees and other individuals traveling on behalf of the Department (this evolved into a listing by bureau of names and positions of individuals who are authorized to approve premium-class travel).

¹ FTR §301-10.123

² FTR §301-10.124

³ The Commerce Travel Regulation was issued as the Commerce Travel Handbook under authority of Department Administrative Order 204-1. Although the Handbook is still in effect, a separate draft interim CTR was issued in November 2004; however, it does not address premium-class travel.

⁴ The Federal Travel Management Center for DOC headquarters is SATO and it operates under contract.

2. The CFO/ASA retained responsibility for approving premium-class air accommodations for all Office of the Secretary employees, Secretarial officers, and heads of operating units that report directly to the Secretary.
3. Minimum standards for authorizing and approving premium-class air accommodations were established.

The memorandum stated that the *DOC Travel Handbook* would be revised to reflect these changes and that staff from the CFO/ASA's office would periodically review the travel program to ensure adequate controls were in place and standards were being followed. However, Handbook sections pertaining to premium travel were last updated in 1992—14 years ago and prior to the issuance of the CFO/ASA's memorandum.

Objectives, Scope, and Methodology

We audited Commerce officials' business-class airline travel occurring during FY 2005 through May of FY 2006 and first-class airline travel occurring during FY 2005 to determine whether these accommodations had been properly authorized and justified, per FTR requirements and the Department's internal policies. Unfortunately, we were unable to obtain a reliable computer-generated listing of the Department's total premium-class travel, so we used a listing of business-class air accommodations that was manually generated by input from all Commerce bureaus. The listing contained 630 business-class trips, taken in FY 2005 through May 2006, totaling more than \$2.8 million. It is important to note that because the listing was created as a result of a data call rather than from a reliable computerized system used to routinely capture all pertinent data, we were unable to determine whether all business-class travel taken during the period was included. We selected a random sample of 63 trips from the manually prepared listing. To review the Department's use of first-class travel accommodations, we examined the Department's FY05 annual report to the Office of Management and Budget on first-class travel in FY 2005, which reported 12 trips. We included for review 11 first-class trips taken in FY 2005 from the OMB report and excluded one trip that was incorrectly reported twice.

We reviewed applicable federal laws, regulations, guidance, policies, and procedures. Specifically, we examined the relevant premium-class travel content of GSA's *Federal Travel Regulation* and *DOC Travel Handbook* (the Commerce Travel Regulation), as well as GAO's *Standards for Internal Control in the Federal Government*,⁵ and OMB Circular A-123, *Management Accountability and Control*.⁶

We performed our fieldwork from May to September 2006 at Commerce headquarters in Washington, DC. We conducted this review in accordance with generally accepted government auditing standards and under authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

⁵ Issued in November 1999.

⁶ Revised June 21, 1995.

FINDING AND RECOMMENDATIONS

The Department Needs to Consolidate and Clarify Guidance Concerning Premium-Class Travel and Improve Implementation of Internal Controls over Such Travel

Based on our examination of premium-class travel documentation, we concluded that the Department has often failed to comply with FTR requirements or its own travel handbook. We also found that existing internal controls designed to ensure such compliance were not adequately implemented. Because of these weaknesses, management cannot be confident that limitations on the use of premium-class travel are being observed.

1. Premium-class travel policy needs to be updated, consolidated, and improved

The *DOC Travel Handbook* supplements the requirements of the FTR, establishing, for example, who within the agency must authorize premium-class air travel. It names the CFO/ASA as the authorizing official. As noted earlier, a 1993 memo issued by the then-Acting CFO/ASA (see Attachment I) instituted new practices related to the authorization of premium-class travel designed to reduce management barriers. In this memo, the Acting CFO/ASA delegated the authority to Secretarial officers to authorize and approve premium-class air accommodations for their employees and for other individuals traveling on behalf of the Department. While the bureaus have adopted this practice, the handbook has yet to be revised accordingly.

In 2002, the Department's Director of Executive Budgeting and Assistance Management conducted an internal review of the approval process for premium-class travel. A memorandum report was issued that identified much to be concerned about and included the following findings and recommendations to the CFO/ASA:

1. The policy and procedures relating to premium-class air accommodations are not adequately addressed in the DOC travel regulations and there is procedural confusion in some areas. The policy and procedures should be clarified.
2. The policy delegates authority to Secretarial officers to approve premium-class air accommodations and authorizes redelegation of that authority; however, the Department did not have a listing of bureau officials who were redelegated approval authority. Bureau and operating units should annually report on officials who have delegated authority to approve premium-class travel.
3. The Department has not regularly provided SATO (see footnote 4) with current listings of individuals authorized to approve premium-class air accommodations. The Department should provide the travel management center with a current list of CD-334 approving officials and instruct the center to check the CD-334 (form required to be used for approving premium travel) accordingly.

The recommendations were never implemented and, based on our findings, it appears that the problems identified in 2002 remain. Moreover, we found that there are inconsistencies in implementation of the premium-class travel approval process across the Department's bureaus. For example, one of the travel management officials we spoke with told us that in some of the regional travel reservations/processing centers, CD-334s are not required. Likewise, we

reviewed documentation in which a traveler stated that the travel management center told her that since nothing other than the business-class accommodations she requested was available, she did not need an authorized CD-334. This is contrary to requirements in both the handbook and the FTR. The handbook states, “Requests [for premium-class travel] shall include specific justifications for each leg of the trip for which premium-class accommodations are requested.”⁷ The FTR states that premium-class travel may be used when no coach accommodations are available; but it must be approved by the agency.⁸

For these problems to be resolved, it is imperative that the existing sources of guidance relating to premium-class travel be consolidated. It is also critical that a list of individuals authorized to approve use of premium-class travel (identified by name and position) be maintained. In light of inevitable job turnover, the list should be automated and updated regularly. In addition, as noted in the objectives, scope, and methodology section of this report, when we began this job we were unable to find a reliable, computer-generated listing of the Department’s premium travel use. In order to help the Department ensure the appropriate use of premium-class travel, and in light of specific reporting requirements related to use of first-class travel, the Department should develop procedures to identify all occurrences of premium-class travel.

Internal controls are not being properly implemented

Currently, travelers can make reservations for premium-class air travel at a travel management center before obtaining an approved CD-334. However, the center cannot issue the premium-class airline ticket until it receives the approved form. The center must verify that the signature on the form matches that of an official authorized to approve premium-class accommodations, making the center a primary control point over the Department’s use of premium-class travel. (Each center maintains a list of approved officials; however, they are not routinely updated.) Every month, the center submits copies of these CD-334s to Commerce’s Travel Management Office. As an additional control, this office is supposed to again verify that each CD-334 is properly authorized in order to maintain accountability for all premium-class travel. However, many of the signatures on the CD-334s we reviewed were illegible. Because the form did not require the printed name and title of the authorizing official, it would have been difficult for the center and the Travel Management Office to verify that the appropriate person signed the approval form.

For our total sample of 74 trips (63 business-class and 11 first-class trips), the Travel Management Office could provide us with CD-334s for only four of the requested premium-class trips. As it was necessary to review the CD-334s, travel authorizations, and the travel vouchers in order to validate proper authorization of premium-class travel, we contacted travel voucher processing offices and individual bureaus where we were able to obtain some of the missing forms.

⁷ Chapter 301-3.3(d)(2)

⁸ FTR §301-10.123 and §301-10.124

| Table 1. RESULTS OF ANALYSIS OF OIG SAMPLE | |
|---|--|
| Number of Instances | Finding |
| 14 | CD-334s were produced and properly authorized |
| 6 | No CD-334, travel authorization or travel voucher was provided |
| 16 | The authorizing signature on the CD-334 was either not legible or the signator was not on the list of those authorized to approve premium-class travel |
| 19 | There was no CD-334 attached to the travel voucher |
| 2 | CD-334 was provided; however, premium-class travel was not properly justified |
| 6 | No CD-334 required as economy class was used or travel was cancelled |
| 11 | Not reviewed as travel was processed by travel processing centers outside the Washington metropolitan area ⁹ |
| 74 | TOTAL |

As noted, the Travel Management Office was unable to produce any of the required documentation for six trips, including the travel authorization, travel voucher, and the CD-334.

With regard to the 16 CD-334s with illegible or unauthorized signatures, we attempted to match these signatures (typed names and titles were not included on the forms) against the most current list of approving officials available—which had been updated in November 2005 (six months before we initiated our fieldwork). The Travel Office has since reported that it now plans to update the listing of approval officials quarterly and post it to the Commerce web site.

The 19 travel vouchers that lacked CD-334s did not comply with the FTR, which requires that “evidence of your necessary travel authorizations including any necessary special authorizations...” be provided with the travel claim.¹⁰ For the Department, one such special authorization is the CD-334. Representatives from voucher-processing offices admitted that they do not attempt to determine whether premium-class travel is appropriate and do not require CD-334s because they do not actually issue reimbursement directly to the traveler for airline tickets as SATO bills separately for these costs. While we recognize that those offices are not responsible for reimbursing airline tickets, if they required the CD-334 to approve travel involving the use of premium-class fares, it would serve as an additional check on the use of such travel.

⁹ We only reviewed sampled trips for which travel vouchers were processed by travel processing centers located in the Washington Metropolitan area.

¹⁰FTR §301.52-4

The two trips with improperly justified CD-334s involved circumstances where the traveler sought to use premium-class travel because the trip was in excess of 14 hours. In one instance, the flight was actually less than 14 hours and did not qualify. On the second trip, the return flight was properly justified; however, two intermediary business-class flights taken on separate days of the trip were not included on the CD-334 and did not meet the circumstances for the higher fare. We also found that the Department's required OMB annual first-class travel report for FY 2005 was inaccurate. Of the 12 trips included on the report, we found that one first class trip had actually been cancelled and one trip was incorrectly listed twice.

It is the Travel Management Division's responsibility to ensure that internal controls, including those for proper accountability and authorization of premium-class travel, are clearly defined, and consistently and properly implemented within all Commerce bureaus and field operations. GAO's *Standards for Internal Control in the Federal Government* and OMB Circular A-123, *Management Accountability and Control*, require that agencies continually assess, evaluate, and strengthen their internal controls to assure accountability and proper stewardship of federal resources. In this case, while basic controls exist, our sample clearly shows that they are not being consistently or properly implemented. Therefore, it is important for the Department to modify the *DOC Travel Handbook* to require bureaus to regularly review premium-class travel usage by their employees. Additionally, all employees should be reminded, as appropriate, of the circumstances under which use of premium-class travel is permitted, the limitations that apply, and the authorizations that are required.

Recommendations

The Chief Financial Officer and Assistant Secretary for Administration should take the necessary actions to

1. Make sure the *DOC Travel Handbook* is updated to consolidate current travel policies and to comply with FTR requirements.
2. Ensure that requirements relating to the use of premium-class travel are consistently complied with across all bureaus and regional operations.
3. Develop procedures to better identify
 - all occurrences of premium-class travel, and
 - all first-class fares so that DOC can prepare and submit complete and accurate first-class travel reports to OMB.
4. Require bureaus to regularly review premium-class travel undertaken by their employees, determining among other things whether travel management centers are adhering to pertinent FTR and Commerce regulations, and report the review results to senior bureau management and the TMD Contracting Officer's Representative.
5. Ensure that the Department routinely provides the travel management centers with current listings of individuals authorized to approve premium-class air accommodations and instructs the center to verify the signatures on the CD-334s against that list.

6. Remind travelers and supervisors/managers, as appropriate, about the circumstances under which premium-class travel is permitted, the limitations that apply, and authorizations that are required.
7. Ensure that premium-class travel is approved by only those individuals who are authorized.
8. Ensure that employees who use premium-class travel submit the required CD-334 with their travel vouchers and that processing officials maintain this documentation.

Department's Response

Department officials agreed that internal controls over the use of premium-class travel need to be strengthened and stated that they have been working to enhance those controls. They also concurred with seven of the recommendations and suggested changes to one. Some of the most significant enhancements that the Department reported it has made to date include: (1) prepared draft revisions to the Travel Handbook to reflect the provisions of the October 23, 1993 memorandum from the Acting Chief Financial Officer and Assistant Secretary for Administration regarding premium-class air travel, and to address findings that resulted from the 2002 internal control review; (2) compiled an updated list of authorizing officials for premium-class travel, provided the list to the Travel Management Centers, and implemented a quarterly updating requirement; and (3) revised the CD-334, "Request for Approval of Extra Fare Accommodations," and CD-29, "Travel Order," to include fields for the printed names and titles of authorizing and approving officials to help facilitate the Travel Management Centers' verification of proper authorization. Department officials also stated that they will continue to review premium-class travel quarterly and to communicate Departmental policy to approving officials and travelers through the revised Travel Handbook, broadcast e-mail messages, and other methods such as the website maintained by the Office of Administrative Services, Travel Bulletins, and orientation materials provided to new employees.

The Department's response included suggested word changes to the body of the report for clarity regarding updating the listing of individuals authorized to approve the use of premium-class travel. It also provided suggested rewording for recommendation four to require that the bureaus conduct regular reviews of premium-travel usage and report the results to the TMD Contracting Officer's Representative who will interface with the contractor for the travel management centers when they fail to adhere to pertinent regulations.

OIG Comments

We are pleased by the Department's prompt actions regarding this report's recommendations. We have modified the report regarding the list of individuals authorized to approve the use of premium-class travel by acknowledging that the listing has been created but needs to be maintained and updated regularly. We modified recommendation four to require the bureaus to report the results of premium-travel usage reviews to both senior bureau management and the Contracting Officer's Representative (COR) who resides in the Department's Travel Management Division. This will allow the COR to work with the contractor when the travel management centers fail to adhere to regulations, and will keep senior management informed of any problems within their bureau.

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In accordance with DAO 213-5, please provide us with the audit action plan for our review and concurrence addressing all of the report recommendations within 60 days of this memorandum. Should you need to discuss the contents of this report or the audit action plan, please call me at (202) 482-4661, or John Seeba, Assistant Inspector General for Auditing, at (202) 482-1934.

Attachments

cc: John J. Phelan III
Director of Office of Management and Organization

Attachment I



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

OCT 25 1993

MEMORANDUM FOR Secretarial Officers
Heads of Operating Units

FROM: Gloria Gutiérrez *Gloria Gutiérrez*
Acting Chief Financial Officer and
Assistant Secretary for Administration

SUBJECT: Further Reduction in Management Barriers

On June 28, 1993, as a part of the Commerce Performance Review, I announced several revisions to Administration policy which streamlined administrative operations in the Department. In addition, on July 14, 1993, I issued minimum standards to be followed in each of the subject areas.

As a further reduction in management barriers, I am delegating to Secretarial Officers the authority to authorize and approve premium-class air accommodations for their employees and for other individuals traveling on behalf of the Department. This redelegation is effective for all travel that begins on or after October 25, 1993. This authority may be redelegated. The redelegation shall be held to as high an administrative level as practical to ensure adequate consideration and review of the circumstances requiring the need for premium-class air accommodations.

The authority to authorize and approve premium-class air accommodations for all Office of the Secretary employees, Secretarial Officers, and Heads of Operating Units that report directly to the Secretary is retained by the Chief Financial Officer and Assistant Secretary for Administration.

Attached to this memorandum are the minimum standards to be followed for authorizing and approving the use of premium-class air accommodations. My staff will be conducting periodic management reviews to ensure that adequate controls are in place and that these standards are being followed.

The Office of Federal Assistance and Management Support will be issuing a revision to the DOC Travel Handbook to incorporate this redelegation.

Thank you for your assistance in helping the Department further reduce management barriers. If you or your staff have any questions, please do not hesitate to call me, or Sonya Stewart, Director for Federal Assistance and Management Support, on 482-4299.

Attachment

- 2 -

- o Business-class accommodations are required because exceptional circumstances make their use essential to the successful performance of the bureau's mission;
 - o Less-than-business-class accommodations on foreign carriers do not provide adequate sanitation or health standards;
 - o The use of business-class accommodations would result in an overall savings to the Government based on economic considerations; or
 - o Business-class accommodations are obtained through the redemption of frequent flyer benefits.
- Maintain internal performance measures reflective of the approval of premium-class air accommodations, including but not limited to documentation, signed by an appropriate official. (Bureaus shall maintain reports of approvals of all first-class travel paid with Government funds in order to respond to requests received from the General Services Administration. These reports will include the name of each person for whom first-class travel was paid, the purpose of the travel, the basis on which first-class travel was justified, the cost of the first-class travel, and the cost of the alternative coach level of service.)

Departmental Contact: John Phelan, (202) 482-4115.

*Travel in excess of 14 hours was added
10/29/93*

**MINIMUM STANDARDS FOR
AUTHORIZATION AND APPROVAL OF PREMIUM-CLASS AIR ACCOMMODATIONS**

Function delegated by a memorandum from the Acting Chief
Financial Officer and Assistant Secretary for Administration:

Redelegation of the authorization and approval for the
use of premium-class air accommodations.

- Ensure that no first-class travel is authorized, paid for, or reimbursed to Department employees, including non-Government persons whose travel costs are being paid by the Department, except in the following circumstances:
 - The traveler is handicapped or otherwise physically impaired such that other accommodations cannot be used, and this condition is substantiated in writing by competent medical authority and recertified every two years;
 - No other commercial service is reasonably available; i.e., able to meet the traveler's departure and/or arrival requirements within a 24 hour period, unless the traveler demonstrates that extraordinary circumstances require a shorter period to fulfill effectively the agency requirement; or
 - Exceptional security circumstances require such travel, such as: (1) travel by couriers or control officers accompanying controlled pouches or packages and a lower premium class is not available, or (2) travel by agents in charge of protective details accompanying first-class travelers.
- Ensure that no first-class travel is authorized or approved through the redemption of frequent flyer benefits or through the acceptance of first-class accommodations from a non-Federal source (gift or bequest).
- Ensure that the use of business-class air accommodations are authorized and approved only under the following circumstances:
 - Space is not available in coach-class or equivalent accommodations on any scheduled flight in time to accomplish the purpose of the official travel, which is so urgent that it cannot be postponed;
 - Business-class accommodations are necessary because the employee is so handicapped or otherwise physically impaired that other accommodations cannot be used, and this condition is substantiated in writing by competent medical authority and recertified every two years;

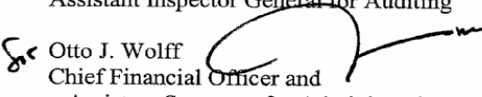
Attachment II



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

MAR 19 2007

MEMORANDUM FOR John M. Seeba
Assistant Inspector General for Auditing

FROM:  Otto J. Wolff
Chief Financial Officer and
Assistant Secretary for Administration

SUBJECT: Internal Controls Over Premium-Class Travel Need to be
Strengthened, Draft Audit Report BSD-18154-7-0001

Thank you for the opportunity to review and comment on the draft audit report "Internal Controls Over Premium-Class Travel Need to Be Strengthened (BSD-18154-7-0001)." We are committed to strengthening internal controls over the Department's travel management program. For some time prior to and more recently as a result of this audit, we have been working to enhance controls over the use of premium-class air accommodations. Some of the most significant enhancements that have been made to date include:

- Draft revisions have been made to the Travel Handbook to reflect the provisions of the October 23, 1993 memorandum from the Acting Chief Financial Officer and Assistant Secretary for Administration regarding premium-class air travel and to address findings that resulted from the 2002 internal control review conducted by this organization. We are currently working with our bureau counterparts to refine and finalize the modifications to the Handbook.
- An updated list of those officials able to authorize premium-class travel was compiled and provided to the contractor for distribution to the Travel Management Centers (TMCs) for use in confirming that required approvals are obtained as necessary. This list is updated and provided to the contractor quarterly.
- In November 2006, Forms CD-334, "Request for Approval of Extra Fare Accommodations," and CD-29, "Travel Order," were revised to include fields for the printed names and titles of authorizing and approving officials. These additions will facilitate the TMCs' verification that authorization has been obtained from appropriate officials.

Additionally, to ensure consistent compliance with relevant requirements, the Department will continue to review premium-class travel quarterly and to communicate Departmental policy to approving officials and travelers through the revised Travel Handbook, broadcast e-mail messages, and other methods such as the website maintained by the Office of Administrative Services, travel bulletins, and orientation materials provided to new employees.

Subject: Internal Controls Over Premium-Class Travel Need to be
Strengthened, Draft Audit Report BSD-18154-7-0001
Page 2

Attached are detailed comments and a response to each of the recommendations contained in the draft audit report. Please feel free to contact either Fred Fanning, Acting Director for Administrative Services, at 482-1200 or me at 482-4951 with any questions you may have. Thank you.

Attachment

Attachment

**CFO/ASA Response to Draft Audit Report No. BSD-18154-7-0001,
“Internal Controls Over Premium-Class Travel Need to be Strengthened”**

Comments

Page 5 – In the first full paragraph beginning on this page, the second sentence indicates that it is “critical that a list of individuals authorized to approve use of premium-class travel (identified by name and position) be created and maintained.” For purposes of clarity, we recommend revising this sentence to read:

It is also critical that the Department’s list of individuals authorized to approve use of premium-class travel (identified by name and position) be updated regularly.

Recommendations

Recommendation 1: Make sure the DOC Travel Handbook is updated to consolidate current travel policies and to comply with FTR requirements.

Response:

We concur. We have completed a draft of the revised Handbook and are now consulting with a team of Bureau Travel Coordinators. This team meets monthly and has made significant progress. It anticipates forwarding the Handbook to the Office of General Counsel and Office of Inspector General by March 30, 2007, for review and clearance.

Recommendation 2: Ensure that requirements relating to the use of premium-class travel are consistently complied with across all bureaus and regional operations.

Response:

We concur. The Department is committed to developing a more robust standardized travel program by publishing an updated Travel Handbook, which we expect to be readily accessible to the bureaus via the Department website sometime during summer 2007. The Travel Management Division (TMD) will provide technical assistance and verify bureau compliance through on-site monitoring visits to be completed by April 27, 2007.

Recommendation 3: Develop procedures to better identify:

- All occurrences of premium-class travel, and
- All first-class fares so that DOC can prepare and submit complete and accurate first class travel reports to OMB.

Response:

We concur. We have compiled an updated list of all premium-class authorizing officials and provided it to the contractor for distribution to the travel management centers (TMCs) for use in verifying appropriate authorization for all premium-class travel. This list will be reviewed and updated at least quarterly. The contractor has been instructed to submit all Form CD-334s to

TMD on a monthly basis for review to assure that all occurrences of premium class travel are identified and to ensure that DOC submits a complete and accurate first class travel report to OMB.

Additionally, the new travel management contract will include specific reporting requirements for the TMCs regarding premium-class travel. Each instance of premium-class travel will be reviewed and verified by TMD through information obtained from the TMCs, charge card reports, and bureau points of contact prior to submission of the Department's annual report to OMB. This review process will be completed on a quarterly basis to strengthen oversight and ensure accurate reporting.

Recommendation 4: Require bureaus to regularly review premium-class travel, determining among other things whether travel management centers are adhering to pertinent FTR and Commerce regulations, and report the review results to senior management.

Response:

While we appreciate the objective behind this recommendation, the current wording causes concern. We suggest rewording this recommendation to read:

Recommendation 4: Require bureaus to regularly review premium-class travel undertaken by their employees, determining among other things whether travel management centers are adhering to pertinent FTR and Commerce regulations, and report results to the TMD Contracting Officer's Representative.

The TMD Contracting Officer's Representative will notify the contractor when the travel management centers fail to adhere to pertinent regulations.

Recommendation 5: Ensure that the Department routinely provides the travel management centers with current listings of individuals authorized to approve premium-class air accommodations and instructs the center to verify the signatures on the CD-334s against that list.

Response:

We concur. As noted under Recommendation 3, we have compiled a current list of all premium-class authorizing officials and provided it to the travel management contractor for use by the TMCs in verifying appropriate authorization for all premium-class travel. This listing is updated at least quarterly. The contractor has been instructed to verify the authorizing official on all requests for premium-class air travel and provide copies of all Form CD-334s to TMD monthly.

Recommendation 6: Remind travelers and supervisors/managers, as appropriate, about the circumstances under which premium-class travel is permitted, the limitations that apply, and authorizations that are required.

Response:

We concur. TMD will educate and remind travelers of premium-class travel policies through:

- The DOC Travel Handbook
- Training through a one-hour Learning Management System course with emphasis on premium-class travel procedures, which we anticipate making available in September 2007
- Periodic broadcast messages explaining the authorization process and encouraging travelers to use premium-class only when authorized and properly approved
- Travel Bulletins
- TMD's website
- Providing bulletins consisting of an overview of travel and premium-class policies to be distributed to new employees through their servicing human resources office

Recommendation 7: Ensure that premium-class travel is approved by only those individuals who are authorized.

Response:

We concur. We have modified Forms CD-334, "Request for Approval of Extra Fare Air Accommodations" and CD-29, "Travel Order" to include, in addition to a signature, blocks for the name and title of the authorizing official and the approver. This was completed in November 2006. This will allow the contractor to more easily verify the authorizing official.

Recommendation 8: Ensure that employees who use premium-class travel submit the required CD-334 with their travel vouchers and that processing officials maintain this documentation.

Response:

We concur. The revised DOC Travel Handbook will instruct employees who are authorized to use premium-class travel to attach a signed and approved CD-334 along with the signed and approved CD-29 to their travel voucher.