

**THE CORPORATE
SOLUTIONS GROUP**

**P.O. Box 8410
Incline Village, NV 89452
Phn: (775) 832-5151
Fax: (775) 832-5191
rlangsfeld@thecsg.com
www.thecsg.com**

**Robert Langsfeld
Partner**

Testimony presented to the

U.S. Senate Committee on Homeland Security and Government Affairs
Permanent Subcommittee on Investigations

By Robert Langsfeld, The Corporate Solutions Group®

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Mr. Chairman and members of the sub-committee.

Thank you for the opportunity to be here today. My name is Robert Langsfeld. I am the founding partner of The Corporate Solutions Group®. We are a consulting firm providing services to the Government and Public sectors. I am here because our firm was retained by GSA to conduct an audit that included an audit of the DTS system.

Before I get to a discussion of the results of our audit, I would like to give you some information about my background. I have worked for two of the "Big Six" CPA firms. I have held several senior financial positions for United Technologies and General Dynamics, and have served as the Vice President of Finance for The Titan Corporation. I have since worked as a consultant for 15 plus years in the travel industry, exclusively assisting corporations and government agencies in managing their travel expenditures and processes, and auditing their programs for compliance and performance.

I have also assisted in the development of several corporate self-booking systems (similar to Orbitz and Expedia) as well as several corporate expense voucher reporting systems. Finally, I have been honored as being "One of the 25 most influential executives in the travel industry," by Business Travel News, the pre-eminent travel industry publication and resource.

I worked with the original DTS Project Management Office, under Col. Albert Arnold, to assist DOD in the initial DTS development. I was also hired by GSA's eTravel Solutions Office as their Subject Matter Expert (SME) for self booking travel systems and I assisted them in the development and source selection of their products for almost two years.

I am here today to discuss an audit that we were hired to perform on behalf of GSA and DoD of the DTS and eTS Travel Systems. This study audit included an executive summary and a second report of the Contract City Pair Program managed by GSA (the CPP program).

The scope of the request required The CSG to determine that fares returned through eTS and DTS travel services are the best, policy compliant fares that are available at the time of booking. The outcome was intended to be:

- An accurate, independent assessment of fare presentation.
- Use of the best available rates.
- Identification of applicable and appropriate audit and review standards.
- Improved travel options and reduced costs for the Federal traveler.
- Reduced cost to the taxpayer and government by ensuring that the best, policy compliant fares are available and to determine the degree that the fares have been used.

The General Services Administration's eTS master contracts and the DoD Defense Travel Systems that were reviewed were:

- CW Government Travel (CWGT) of San Antonio, Texas (E2 Solutions)
- EDS of Fairfax, Virginia (FedTraveler)
- Northrop Grumman Mission Systems (NGMS) of Fairfax, Virginia (GovTrip)
- And, The Defense Travel System hosted by Northrop Grumman Mission Systems (DTS)

The CSG Team was to perform an initial review of the booking systems and tools employed by the Government, including the DTS/eTS solutions and the underlying GDS and related inventory platforms. This review applied a combination of automated and manual techniques to perform the tests outlined in the statement of work. The review was designed to:

1. Analyze any differences found in the above-mentioned procedures to determine the reasons for the differences.
2. Provide a report providing raw results and summarize the findings, validate that the vendors are accurately taking availability and fare information from the GDS and accurately displaying this information for reservation purposes in a manner that is compliant with the DTS/ETS contracts/policies.
3. Assessing whether reservation and fare information are presented in the correct order as stipulated by the contract and associated policies. The appropriate methodology for establishing a baseline used a sampling methodology.

The initial review found a variety of errors, omissions and problems. However, when these problems were reported to DTS and GSA, instead of acknowledging the problems, project-management personnel decided to change and reduce our review and the performance scope of our contract significantly. These changes to our original assignment had the effect of significantly reducing our ability to report variances in available airfares, commercially available airfares (such as what you know as round-trip fares, competitive marketplace fares and so on) and limited the review to only CPP fares. I believe it is the Government's failure to acknowledge the errors and omissions that our initial review revealed that has brought me here today.

Despite the reduced scope of selected city pairs we did find significant performance issues with DTS:

1. All available fares are not listed/displayed
2. All CPP fares are not listed/displayed
3. Lowest cost airfares are not listed/displayed

I would like to take a moment to describe what the CPP process is and how the results get to the DTS and eTS systems. As you can see from the slide, GSA accepts bids from the airlines and then awards each city pair to the respective airlines. The rates are sent to a processing group, the Airline Tariff Publishing Company, and are “loaded” in to the respective Global Distribution Systems, such as Sabre, Galileo, Worldspan and Amadeus. The web-based travel systems of one or more of the travel companies and suppliers access this information, process it, and display it to the federal traveler.

During our CPP review, we found that between 7-8% of all of these fares either were not loaded correctly, or were not loaded at all in to the global distribution systems. Therefore, they were not available to DTS to be displayed for the DTS traveler to select. When this result was disclosed to GSA, however, their response was to say that the error rate of 8% was totally and completely acceptable.

The Government’s response was nothing short of astounding. In the corporate sector, a 1% omission rate would result in a contractor being called on the carpet for corrective action, and a 2% variance would probably result in termination. Yet, for GSA and DTS, 8% omission is acceptable. In the corporate world, we not only expect, but we demand that when issues like these are identified, corrective action is taken. I cannot understand why the Government believes that an 8% error rate could ever be acceptable.

To make matters worse, GSA refused to provide our company with the source documentation to verify the city-pairs contracted by GSA with the airlines, despite repeated requests. We were denied access to pertinent information and not allowed to see if the program was performing as the contract required. No auditor can provide an opinion without source documentation.

GSA and DTS’s actions made clear to us that what was being sought from The CSG was not a true “audit” but, rather, a “rubber stamp” validation that would demonstrate the success of the DTS and eTS systems and the CCP program.

The 8% omission rate of city pairs from the global distribution systems was only the first level of errors observed. When The CSG attempted to audit the DTS and eTS systems themselves, we were denied access to the operational

systems, methodologies and processes throughout the audit, even upon several attempts and requests to review these systems. Our auditors were not allowed to actually access DTS or the three eTS systems under review. We were only permitted to review the display/results of the systems. The PMO's "set the settings and policies" to ensure correct and consistent application for comparability. These restrictions on our audit were specifically noted in our findings.

Our audit was performed by conducting near-simultaneous comparative testing of all four (4) U.S. Federal Government electronic internet-based travel systems. Pre-testing began on Monday, February 14, 2005 while actual testing began on Tuesday, February 15, 2005 and continued through Monday, February 21, 2005.

To perform our audit, The CSG used the domestic and international itineraries that the Government selected and applied them to the DTS system and the three eTS systems. The trips were searched for CPP fares, in a consistent and objective manner. We established the criteria with the PMO's and DFAS to ensure consistency. We actually used the systems as a federal traveler would use them.

The result of these reports is clearly summarized in the following charts. As you will see in the chart a **YCA** is the code used to designate unrestricted coach class contract fares for Government contract carriers. A YCA Fare –Capacity-Controlled Fares (**_CA**) Fare is the code designating coach class fares that are restricted only as to limits on seat availability.

Table 1 (below) summarized major air routes used by federal travelers, as determined by the General Services Administration through its negotiated air fare program, The City Pair Program (CPP). The table described the two major negotiated air fare categories contracted by the Government.

This table shows that the eTS/DTS air fare booking tools portrayed between 34.5% and 89.9% of all applicable CPP fares offered in the 25 markets.

A higher number of contract fares displayed represents a better service offering for the Government and makes the largest array of potential savings opportunities available.

Overall, the systems successfully displayed accurate contract fares between 91.2% and 97.2% of the time when such fares were offered. The major operational deficiency characterized by the table is in the ability of the systems evaluated to present all applicable contract fares.

In fact, only 61 of 187 displayed CPP flights were listed by DTS which is on 33% of the potential fares displayed. The others showed between 35% and 91% of the fares displayed.

Table 1: TOP 25 DOMESTIC CITY PAIRS

Description	Contract Carrier (CC)	DTS		GovTrip		FedTraveler		E2 Solutions	
		Flights	% of CC	Flights	% of CC	Flights	% of CC	Flights	% of CC
YCA City-Pair (CP) Fares Displayed	187	61	32.6%	66	35.3%	170	90.9%	76	40.6%
_CA CP Fares Displayed	119	41	34.5%	44	37.0%	107	89.9%	100	84.0%
Total CP Fares Displayed for CC	306	102	33.3%	110	35.9%	277	90.5%	176	57.5%
CC Flights Displaying Correct CP Rate	N/A	93	91.2%	103	93.6%	270	97.5%	171	97.2%
Identical CP Flights Appearing in all 4 Systems	57								
% of Identical CP Flights Appearing in all 4 Systems	18.6%								

The audit further identified situations where fares lower than the contract rates were available through the general marketplace (by using competing, non-contracted, services). The systems did not uniformly display this information correctly.

The same processes were applied to pre-selected international travel and are displayed below.

Table 2: TOP 10 OVERSEAS FLIGHTS ORIGINATING OR TERMINATING WITHIN THE UNITED STATES

Description	Contract Carrier (CC)	DTS		GovTrip		FedTraveler		E2 Solutions	
		Flights	% of CC	Flights	% of CC	Flights	% of CC	Flights	% of CC
YCA City-Pair (CP) Fares Displayed	44	13	29.5%	12	27.3%	39	88.6%	15	34.1%
_CA CP Fares Displayed	26	13	50.0%	14	53.8%	23	88.5%	15	57.7%
Total CP Fares Displayed for CC	70	26	37.1%	26	37.1%	62	88.6%	30	42.9%
CC Flights Displaying Correct CP Rate Identical CP Flights Appearing in all 4 Systems	N/A	20	76.9%	18	69.2%	N/A	N/A	N/A	N/A
% of Identical CP Flights Appearing in all 4 Systems	13								
	18.6%								

The data portrayed by both tables show that, while each of the booking systems evaluated offer a high number of contract fares accurately and consistently, there are anomalies and deficiencies in both contract displays and competitive market displays.

We were limited by the Government imposed audit parameters to looking only at the CPP fares. Therefore we did not report on any optional, comparative commercial fares that were available. It is important to note that the results on this table represent the *best* performance that the systems could have achieved in finding the Government CPP fares. If we had been required to look at other non-CPP fares, then DTS and the eTS systems results would have been considerably worse. The Federal Acquisition Regulations clearly identifies the need and opportunity for the government traveler to take the most cost

advantageous comparable airfares. Without being presented with alternative air fares which are commercially available the government traveler could spend more than they should.

As is quite apparent, the displayed fares for ALL applicable contract fares, as provided by the PMO's, were not always displayed by these systems. If they are not displayed then they cannot be selected by the traveler. In fact, as shown in the chart, in our review DTS only displayed the applicable contract fares one-third of the time.

Most of the work in audit and system reviews that we have performed has been in the private sector. An audit that obtained results such as these in the corporate world would have elicited a strong concern and action plan to correct the deficiencies. I was surprised, and in fact astonished that when these findings were presented, the government sought to downplay and ignore the results. Government representatives even sought to have us change some of the findings to give a better result. Both my personal and my company's reputation and integrity as an independent professional auditor were challenged. I chose not to accept a compromise or bend to the pressure. When I refused to accept the proposed changes our company's contract was terminated.

The overriding concern I see in this study is that when deficiencies and problems were identified, the Government personnel chose to change, suppress or modify results in order to downplay the severity of the problems and to disclaim responsibility. Our concerns were expressed a number of times.

I do not understand or accept that the Government was not performing a continuing quality control audit, as corporations do on an ongoing basis, to ensure contract performance and compliance of the CPP program, the DTS system and the eTS system. It is painfully apparent that such reviews need to be at an independent level and not entrusted to the operational personnel in the GSA and DoD offices.

The DTS and GSA claims of adoption, performance and savings using this new technology are extremely optimistic...if not categorically wrong and overstated. The reality of the performance and expectations needs to be valued and evaluated compared to the budget and requirements at the individual agencies. In these times of budgetary concerns and constraints the performance of systems such as these is paramount. I hope that this committee and these hearings may result in a viable and reliable process for the use of the government and in this case, the government traveler.

Thank you for allowing me to participate in this hearing and I am prepared to answer your questions.