



Office of Inspector General  
Export-Import Bank of the United States

# **Sponsored Transactional Travel**

Audit Report  
June 04, 2010  
OIG-AR-10-04



Office of Inspector General

Export-Import Bank  
of the United States

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June 4, 2010

MEMORANDUM

TO: Joyce Isaac, Assistant Controller  
Faisal Siddiqui, Assistant General Counsel for Administration  
Brian Terhaar, Chief of Administration

FROM: Jean Smith  
Assistant Inspector General for Audit

A handwritten signature in cursive script that reads "Jean Smith".

SUBJECT: Audit of Export-Import Bank's Sponsored Transactional Travel

This memorandum transmits Audit Report OIG-AR-10-04, Sponsored Transactional Travel. This audit was initiated by the Office of Inspector General of the Export-Import Bank of the United States ("Bank") to determine whether the Bank policies, procedures, and controls on non-federal sponsored transactional travel are adequate to ensure compliance with regulations.

The audit found that the Bank generally complied with its established policies and procedures regarding the approval process, documentation requirements, and collection from sponsors. However, improvements are needed in the Bank's policies and procedures to obtain travel expense reimbursement from the sponsor and travel voucher submission from employees. We made three recommendations to address these findings. Management concurred with the findings and recommendations.

We appreciate the courtesies and cooperation provided to the auditors during the audit. If you have any questions, please call me at (202) 565-3944.

cc: Fred P. Hochberg, Chairman and President  
Alice Albright, Senior Vice President, Chief Operations Officer  
Audit Committee  
Jonathan Cordone, Senior Vice President and General Counsel  
Michael Cushing, Senior Vice President, Resource Management  
John Simonson, Chief Financial Officer  
Shannon McCall, Audit Liaison

## EXECUTIVE SUMMARY

The Office of Inspector conducted an audit of sponsored transactional travel taken by employees of the Export-Import Bank of the United States (Ex-Im Bank or the Bank) during Fiscal Years (FYs) 2008 and 2009. The specific audit objectives are to determine whether non-federal sponsored transactional travel: (1) policies and procedures comply with federal regulations; (2) controls are adequate to ensure compliance with regulations; and (3) policies and procedures on the collection of reimbursements are adequate.

Our audit found that Ex-Im Bank has the authority to accept reimbursement from a non-federal source for travel expenses incurred in connection to a Bank transaction. In FYs 2008 and 2009, Ex-Im Bank authorized 104 sponsored transactional trips from non-federal sources. Of these 104 trips, we selected a sample of 39 for our review. These 39 trips were associated with 25 transactions, and as of March 26, 2010, Ex-Im Bank approved 18 transactions, 6 were pending, 1 withdrew from Ex-Im Bank's consideration. According to an Ex-Im Bank official, offers from non-federal sources to reimburse the agency for travel expenses are not accepted if the transaction does not have approval potential.

We found Ex-Im Bank generally complied with its established policies and procedures regarding the approval process, documentation requirements, and collection from sponsors. Additionally, we did not identify a conflict of interest between the Ex-Im Bank employee and the sponsor. Travel authorizations contained the required documentation and approval by the employee's supervisor and Ethics Official.

Of the 39 sampled cases reviewed, the Office of the Controller wrote off approximately 2 percent of the billed amount. As of the end of FYs 2008 and 2009, the outstanding reimbursable balances for all sponsored travel were \$28,854 and \$158,266, respectively. These balances include sponsored transactional travel and other sponsored travel (e.g., conference, seminar, and speaking engagement). Ex-Im Bank did not separate sponsored travel reimbursable expenses by type.

While Ex-Im Bank's efforts were positive, we noted that improvements are needed in the Bank's policies and procedures to obtain travel expense reimbursement from the sponsor. We found that travelers did not always submit their travel voucher within five work days after travel was completed. Also, Ex-Im Bank was not always reimbursed for all travel expenses offered in the sponsor's invitation. We made three recommendations to address these findings. Management concurred with the findings and recommendations (see Appendix A).

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The recommendations are:

- The Office of Administration and Security (OAS) Director should develop a policy and procedures to follow-up on travel vouchers not submitted within the established time frame.
- The OAS Director should establish procedures to review travel authorizations for accuracy.
- The Assistant Controller should establish procedures to review bills for accuracy prior to sending them to the sponsors.

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## I. BACKGROUND

As a general requirement for sponsored travel, the U.S. General Services Administration (GSA) Federal Travel Regulations chapter 304, part 304.5 states that an agency may accept payment from a non-federal source or authorize an employee to accept payment on the agency's behalf only when the: (a) employee is issued a travel authorization before the travel begins; (b) agency has determined that the travel is in the interest of the Government; (c) travel relates to the employee's official duties; and (d) non-federal source is not disqualified due to a conflict of interest.

Section 2(a)(1) of the Ex-Im Bank Act of 1945, as amended [12 U.S.C. 635(a)], enables Ex-Im Bank, subject to regulations issued pursuant to 5 U.S.C. 553, to accept reimbursement for travel and subsistence expenses incurred by a director, officer or employee of Ex-Im Bank in accordance with subchapter I of chapter 57 of title 5, U.S.C. In order to implement this statutory authority, Ex-Im Bank issued a regulation that set forth the parameters for accepting payment from a non-federal source for an Ex-Im Bank employee's travel and subsistence expenses to attend or participate in an event relating to the employee's official duties. The regulation applies to events other than a "meeting or similar function" as defined in 41 Code of Federal Regulations (CFR) 304-1.2(c)(3). The rule enables Ex-Im Bank to accept travel expense payments in order to send employees to such functions as meetings, formal gatherings, site visits, negotiation sessions and other similar events in which the employee's participation would further the mission of Ex-Im Bank.

In order to avoid any actual impropriety or appearance of impropriety in the acceptance of travel expense payments, the regulation prohibits an employee from soliciting payments from a non-federal source. The regulation also requires that the employee's supervisor and the designated agency ethics official or his/her designee determine that Ex-Im Bank's interest in the employee's attendance at the meeting or similar event outweighs concern that acceptance of the payment by Ex-Im Bank may cause a reasonable person to question the integrity of Ex-Im Bank's programs or operations. As provided in the authorizing statute, the regulation limits payments from a non-federal source for travel and subsistence payments to the maximum per diem or actual service limitations prescribed in 41 CFR chapter 301.

As of the end of FYs 2008 and 2009, the outstanding reimbursable balances for all sponsored travel were \$28,854 and \$158,266, respectively. We were unable to identify the outstanding balances attributed to sponsored transactional travel because Ex-Im Bank did not maintain the data separately for sponsored transactional travel and for other sponsored travel (e.g., conference, seminar, speaking engagement).

In FYs 2008 and 2009, Ex-Im Bank authorized 104 sponsored transactional trips from non-federal sources.

## II. OBJECTIVES

The objective of this audit is to evaluate Ex-Im Bank's policies and procedures for sponsored transactional travel. The specific audit objectives are to determine whether non-federal sponsored transactional travel:

- Policies and procedures comply with federal regulations;
- Controls are adequate to ensure compliance with regulations; and
- Policies and procedures on the collection of reimbursements are adequate.

## III. SCOPE AND METHODOLOGY

The scope of the audit focused on sponsored transactional travel that Ex-Im Bank employees took during FYs 2008 and 2009. We selected a random sample of 39 out of 104 sponsored transactional trips during this period for our review.

We interviewed key Ex-Im Bank staff to obtain relevant information/documentation pertinent to this audit and to clarify relevant Ex-Im Bank policies and procedures. Specifically, we met with representatives from the following: Office of General Counsel (OGC), Office of the Controller (OC) in the Office of the Chief Financial Officer, and the Office of Administration and Security (OAS) in the Resource Management Group.

We analyzed data obtained from Ex-Im Bank staff, as well as information available on the Bank's website such as the *Travel Policy* and relevant sponsored travel forms. We also reviewed requirements and guidance provided by external sources such as the GSA, Federal Register (FR), Public Law, and Government Accountability Office (GAO).

We conducted our fieldwork from January 25, 2010, to April 15, 2010.

We performed this audit to address Congressional and recent media attention concerning Ex-Im Bank's policy and practices in accepting non-federal reimbursement for travel expenses related to transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

## IV. FINDINGS AND RECOMMENDATIONS

### A. POLICIES AND PROCEDURES MEET EX-IM BANK'S AUTHORITY TO ACCEPT REIMBURSEMENT FROM A NON-FEDERAL SOURCE FOR TRANSACTIONAL TRAVEL

Ex-Im Bank's policies and procedures comply with its authority to accept reimbursement from a non-federal source for travel expenses incurred in connection to a Bank transaction.

The Consolidated Appropriations Act, 2008, and the Omnibus Appropriations Act, 2009, more specifically supply the Bank authority to accept reimbursement from a non-federal source for travel expenses incurred in connection to a Bank transaction. Administrative Expenses section of these Acts stated:

“...that the Export-Import Bank may accept, and use, payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made ...”

An OGC representative at GAO concurred with our opinion that Ex-Im Bank has authority to accept travel costs reimbursement from a non-federal source on transaction related travel. This opinion was based on a review of the Ex-Im Bank's statute and Ex-Im Bank's OGC regulation, published on June 17, 1994, in the FR announcing the Bank's policy on accepting reimbursement from a non-federal source for transactional travel.

The 39 trips under review for this audit were associated with 25 transactions, and as of March 26, 2010, Ex-Im Bank approved 18 transactions, 6 were pending, 1 withdrew from Ex-Im Bank's consideration. According to an Ex-Im Bank official, offers from non-federal sources to reimburse the agency for travel expenses are not accepted if the transaction does not have approval potential.

Review of the Ex-Im *Travel Policy* found that the Bank's policy provides requirements as directed in GSA travel guidance. Additionally, all the required forms related to sponsored transactional travel, such as Eib-00-05, *Authorization for Acceptance of Travel Payments for Transaction-Related Travel*, provide assurance that established requirements are met. Of the 39 cases reviewed, we found Ex-Im Bank complied with its established policy and procedures regarding the approval process and documentation requirements.



**B. FOLLOW-UP ON NON-RECEIPT OF TRAVEL VOUCHERS IS NEEDED**

OC did not always have the necessary information to bill the sponsor for reimbursement of funds in a timely manner because not all travelers submitted a travel voucher within five work days after travel was completed. The OAS Chief of Administration stated that it is the traveler's responsibility to submit the voucher according to the Ex-Im Bank's *Travel Policy* requirements. OAS does not have a policy or procedures to follow-up on non-receipt of vouchers. By not following up on un-submitted travel vouchers, Ex-Im Bank's ability to obtain reimbursement may be sacrificed by travelers' failure to timely provide sponsored related travel vouchers for processing.

Ex-Im Bank's *Travel Policy* requires employee to "...submit the claim to the appropriate higher level official for review, approval, and signature within five work days after travel is completed..."

Of the 39 cases reviewed, we identified 15 vouchers that were not filed within the required time period. Details on these 15 cases are presented below.

- 12 cases filed after 5 work days but within 30 days;
- 1 filed after 64 work days;
- 1 filed after 193 work days; and
- 1 did not file as of March 25, 2010 (the trip's end date was September 16, 2009).

For 14 of the above cases, OC billed and received the reimbursement from the sponsors. For the case that was not filed, we identified the issue and brought it to OC's attention. OC had since contacted the traveler and requested the traveler to submit the voucher.

We also identified 1 traveler, outside of our 39 selected cases, who had 14 sponsored trips during FYs 2008 and 2009 but submitted only 6 travel vouchers. While these trips may not all be transaction related, we are reporting the results because the sponsor was not always billed. We followed up with the traveler on April 7, 2010, and the traveler told us that the unsubmitted vouchers will be provided for processing by April 16, 2010.

For the eight unsubmitted vouchers, we found the following:

- Two cases were billed to the sponsors by OC and payment was received in full. OC identified the reimbursements in the Administrative Accounting

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Activities (AAA) system *Unbilled Receivables* report<sup>1</sup> and contacted the traveler's office for information to bill the sponsors.

- Five cases with the obligation amount totaling \$23,699.32 were not billed. The reimbursable amounts were not listed in the *Unbilled Receivables* report. Therefore, OC had no information to bill the sponsor for reimbursement.
- One case was not billed, and OC wrote off the entire reimbursable amount of \$349. While *Unbilled Receivables* eventually reported this amount, OC determined that too much time had passed to bill the sponsor.

**Recommendation 1**

The OAS Director should develop a policy and procedures to follow-up on travel vouchers not submitted within the established time frame.

**Management Response**

Management concurs with this recommendation. OAS has developed a recommended procedure for following up on the Bank's travel vouchers when they are not submitted within the established time frame of five days, per the Export-Import Bank Travel Policy. If the traveler's voucher has not been received four business days after return from a trip, an email notification will be sent to the traveler. If the traveler's voucher has not been received 10 business days upon return of trip, an email notification will be sent out to the traveler and his direct supervisor notifying them of this delay. This process has been in effect since April 1, 2010.

Completion Date: April 1, 2010

**OIG Comment**

Management's actions meet the intent of our recommendation.

**C. SPONSOR BILLING AND COLLECTION PROCEDURES NEED STRENGTHENING**

Ex-Im Bank was not always reimbursed for all travel expenses offered by the sponsor because controls were not in place to timely identify a sponsor reimbursement and reconcile it to the amount billed. Failure to accurately bill the sponsor resulted in Ex-Im Bank losing the opportunity to offset the funds received from the sponsor against the expenses of the Bank.

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<sup>1</sup> A transaction will normally be reported on AAA's *Unbilled Receivables* report when OAS enters payment for transportation or for per diem incurred during travel.

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Sound management practices include establishing controls to ensure reimbursable funds are timely and accurately identified and billed.

To identify sponsored transactions travel expenses for billing, OC generates the *Unbilled Receivable* report each week. New bills, delinquent notices, and related documents are scanned and emailed to sponsors bi-weekly. OC also sent a copy of the email to the traveler with the intention of seeking assistance in verifying the accuracy of the bill and collecting the reimbursement.

In the event the sponsor does not reimburse Ex-Im Bank within 180 days from the initial bill, OC will write-off the debt. Of the 39 cases reviewed, the amount written off was approximately 2 percent of the billed amount.

Review of the 39 sponsored transactional travel cases revealed Ex-Im Bank did not receive the total reimbursable amount from the sponsor in 4 cases. Details on the four cases are presented below.

- Two cases had discrepancies between the amount billed and amount that should have been billed. The discrepancies totaled \$459. OC staff stated that human error was the cause in the first case. In the second case, there was a miscommunication between OC and OAS on what to bill the sponsor;
- One case was not billed to the sponsor. OC wrote off \$1,780. Based on our discussion with OC staff, this happened due to a system error. The case did not show up on the *Unbilled Receivables* report until after the AAA system modification, which was much too late to be billed; and
- One case was incorrectly classified as regular (non-sponsored) travel. The reimbursable expense totaled \$1,499, but OC never sent the bill. OAS' procedure includes classify sponsored travel by writing object class 2113 on the EIB Form 48-03, *Travel Order/Request and Authorization*. OC's procedure includes reviewing and certifying Standard Form 1012, *Travel Voucher*, to ensure accuracy.

**Recommendation 2**

The OAS Director should establish procedures to review travel authorizations for accuracy.

**Management Response**

Management concurs with this recommendation. OAS currently has strong procedures in place to review travel authorizations for accuracy, but will enhance the current review and compliance procedures for this process. A memo was sent to all Bank employees on April 26,

2010, by Alice Albright, Executive Vice President and Chief Operating Officer. This memo instituted the new travel approval procedures effective April 26, 2010.

Completion Date: April 26, 2010

**OIG Comment**

Management's actions meet the intent of our recommendation.

**Recommendation 3**

The Assistant Controller should establish procedures to review bills for accuracy prior to sending them to the sponsors.

**Management Response**

Management concurs with this recommendation. Procedures will be established for the OC to review all bills for accuracy prior to sending them to sponsors. The supervisor will compare bills to all related travel documents and request written confirmation from Administrative Services of any differences between the bill generated by the AAA system and the travel documents. This process will commence June 7, 2010.

Completion Date: June 7, 2010

**OIG Comment**

When accomplished, the above action should satisfy this recommendation.

**ACRONYMS**

AAA system	Administrative Accounting Activities system
CFR	Code of Federal Regulations
Ex-Im Bank or Bank	Export-Import Bank of the United States
FR	Federal Register
FY	Fiscal Year
GAO	Government Accountability Office
GSA	U.S. General Services Administration
OAS	Office of Administration and Security
OC	Office of the Controller
OGC	Office of General Counsel

## Audit Report

**APPENDIX A: MANAGEMENT RESPONSE**EXPORT-IMPORT BANK  
OF THE UNITED STATES**MEMORANDUM**

**TO:** Jean Smith  
Assistant Inspector General for Audit, Office of the Inspector General

**FROM:** Faisal Siddiqui *FBS*  
Assistant General Counsel for Administration

**DATE:** June 2, 2010

**SUBJECT:** Management Response to Sponsored Transactional Travel Draft Audit Report

This memorandum responds to the Office of the Inspector General's ("OIG") Sponsored Transactional Travel draft audit report issued May 3, 2010 and incorporates Office of Administration and Security ("OAS") and Office of the Chief Financial Officer ("OCFO") responses. We agree with the draft report's findings and provide additional comments below concerning the draft report's recommendations.

**1. OIG Report, Section V, Findings and Recommendations, Recommendation 1:**

**A. Draft Audit Recommendation:** The OAS Director should develop a policy and procedure to follow up on travel vouchers not submitted within the established time frame.

**B. Response to Draft Audit Recommendation:** OAS has developed a recommended procedure for following up on the Bank's travel vouchers when they are not submitted within the established time frame of five days, per the Export-Import Bank Travel Policy. If the traveler's voucher has not been received four business days after return from a trip, an email notification will be sent to the traveler. If the traveler's voucher has not been received 10 business days upon return of trip and email notification will be sent out to the traveler and his direct supervisor notifying them of this delay. This process has in effect since April 1, 2010.

**2. OIG Report, Section V, Findings and Recommendations, Recommendation 2:**

**A. Draft Audit Recommendation:** The OAS Director should establish procedures to review travel authorizations for accuracy.

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**B. Response to Draft Audit Recommendation:** OAS currently has strong procedures in place to review travel authorizations for accuracy, but will enhance the current review and compliance procedures for this process. A memo was sent to all bank employees on April 26, 2010 by Alice Albright, Executive Vice President and Chief Operating Officer. This memo instituted the new travel approval procedures effective April 26, 2010.

**3. OIG Report, Section V, Findings and Recommendations, Recommendation 3:**

**A. Draft Audit Recommendation:** The Assistant Controller should establish procedures to review bills for accuracy prior to sending them to the sponsors.

**B. Response to Draft Audit Recommendation:** Procedures will be established for the Office of the Controller to review all bills for accuracy prior to sending them to sponsors. The supervisor will compare bills to all related travel documents and request written confirmation from Administrative Services of any differences between the bill generated by the AAA system and the travel documents. This process will commence June 7, 2010.

If you have any questions about this response, please contact me at x3435.