

AUDIT REPORT

Audit of NRC's Premium Class Travel

OIG-08-A-16 September 12, 2008



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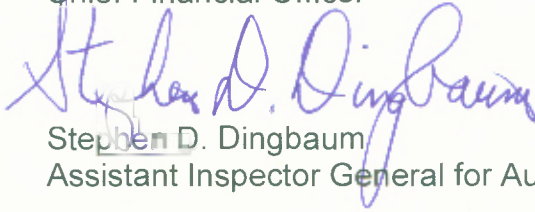
**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

September 12, 2008

OFFICE OF THE
INSPECTOR GENERAL

MEMORANDUM TO: R. William Borchardt
Executive Director for Operations

J. E. Dyer
Chief Financial Officer

FROM: 
Stephen D. Dingbaum
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC'S PREMIUM CLASS TRAVEL
(OIG-08-A-16)

Attached is the Office of the Inspector General's (OIG) audit report titled, *Audit of NRC's Premium Class Travel*.

The report presents the results of the subject audit. Agency comments provided at the September 3, 2008, exit conference have been incorporated, as appropriate, into this report.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 415-5915 or Steven Zane, Team Leader, Financial and Administrative Audit Team, at 415-5912.

Attachment: As stated

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EXECUTIVE SUMMARY

BACKGROUND

The Nuclear Regulatory Commission (NRC) is required to follow the Federal Travel Regulations (FTR) for all travel taken for Government business. The FTR, issued by the General Services Administration, implements statutory and Office of Management and Budget (OMB) requirements and policies for most Federal civilian employees and others authorized to travel at the Government's expense. OMB's policy related to travel is that taxpayers should not pay more than necessary to transport Government officials. Consistent with this principle, the FTR states that, with limited exceptions, travelers must use coach class accommodations for both domestic and international travel.

PURPOSE

The audit objectives were to determine if:

- Travel costs associated with premium air travel (i.e., per diem) are properly authorized, justified, and documented.
- Premium air travel is properly authorized, justified, and documented. As part of this objective, the Office of the Inspector General specifically assessed compliance with requirements in OMB Memorandum M-08-07, "Use of Premium Class Travel."

RESULTS IN BRIEF

With respect to per diem associated with premium travel, NRC's travel program is well managed. However, NRC needs to improve controls over the premium air travel process to prevent excess spending on travel and to properly justify the money used for premium air transportation.

RECOMMENDATIONS

This report makes recommendations to improve controls over the use of premium travel. A consolidated list of these recommendations appears at the end of Section III of this report.

AGENCY COMMENTS

At a September 3, 2008, exit conference, agency senior executives provided suggested revisions to the discussion draft report. This final report incorporates revisions made, where appropriate, as a result of the agency's suggestions.

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ABBREVIATIONS AND ACRONYMS

DOI/NBC	Department of the Interior/National Business Center
FTR	Federal Travel Regulations
GAO	Government Accountability Office
MD	Management Directive
NRC	Nuclear Regulatory Commission
OCFO	Office of the Chief Financial Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
ABBREVIATIONS AND ACRONYMS	iii
I. BACKGROUND.....	1
II. PURPOSE	3
III. FINDINGS	4
A. TRAVEL COSTS ASSOCIATED WITH PREMIUM TRAVEL	4
B. PREMIUM AIR TRAVEL	6
IV. AGENCY COMMENTS.....	14
 APPENDICES	
A. SCOPE AND METHODOLOGY	16
B. FEDERAL TRAVEL REGULATIONS.....	18
C. OMB MEMORANDUM M-08-07	20
D. NRC'S DEFINITION OF REST PERIOD	22
E. SPECIFIC AUTHORIZATION FORM.....	24

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I. BACKGROUND

Federal Travel Regulations

The Nuclear Regulatory Commission (NRC) is required to follow the Federal Travel Regulations (FTR) for all travel taken for Government business. The FTR, issued by the General Services Administration, implements statutory and Office of Management and Budget (OMB) requirements and policies for most Federal civilian employees and others authorized to travel at the Government's expense. OMB's policy related to travel is that taxpayers should not pay more than necessary to transport Government officials. Consistent with this principle, the FTR states that, with limited exceptions, travelers must use coach class accommodations for both domestic and international travel.

The FTR outlines when greater than coach class accommodations (i.e., premium travel¹) can be used. Premium travel has two main categories: first class travel and other greater than coach travel (e.g., business class, economy plus). There are four approved reasons for employees to use first class travel and nine reasons for use of other types of premium travel (see Appendix B for a listing of these reasons).

GAO Report

A September 2007 Government Accountability Office (GAO) audit report, "Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel," cited numerous breakdowns in key internal controls, a weak control environment, and ineffective oversight Governmentwide that led to vast unauthorized and improper use of premium class travel. GAO initiated this Governmentwide audit because of a March 2006 audit of the Department of State's travel program which noted that although premium class travel was used on only 19 percent of trips, it accounted for nearly 49 percent of all travel costs. In the September 2007 audit report, GAO estimated that approximately 67 percent of all premium class travel taken by Government employees was not properly authorized, justified, or both – costing taxpayers at least \$146 million in excess travel expenses.

OMB Memorandum

In response to the September 2007 GAO report, OMB issued Memorandum M-08-07, "Use of Premium Class Travel" (OMB M-08-07), to all department and agency heads as a reminder of the premium class travel requirements and to reinforce the importance of having clearly

¹ For the remainder of this report, all greater than coach class travel will be referred to as premium travel.

defined internal controls for using such travel (see Appendix C for a copy of the memorandum). OMB required that all agency heads (1) implement six policies over the premium travel process and (2) respond in writing, no later than March 31, 2008, to illustrate that they had addressed the six policy areas.

NRC Travel Program

The Office of the Chief Financial Officer (OCFO) manages NRC's travel program, which entails authorizing funds to pay for all flights, approving expenses incurred on travel, and reimbursing employees for authorized travel expenses. In January 2008, OCFO outsourced the review, approval, and reimbursement of travel expenses to the Department of Interior, National Business Center (DOI/NBC). As part of this arrangement, DOI/NBC is responsible for checking travel vouchers for completeness and reimbursing employees for funds claimed on travel vouchers.

As another recent initiative, NRC is implementing an electronic travel process known as eTravel.² In March 2008, NRC began piloting the eTravel process for selected users to assess the system and ensure that the eTravel process will meet user needs. NRC anticipates fully implementing eTravel by January 2009. The eTravel program will allow the agency to process premium travel requests and premium travel reimbursements electronically; therefore, it is important that NRC address issues related to processing premium travel before full implementation of the eTravel program.

Between October 1, 2006, and March 31, 2008, NRC officials reported spending approximately \$7.76 million on all air travel expenses. Premium air travel composed 7 percent (approximately \$550,000) of this total cost. During this period, NRC employees took 77 premium air travel trips.

² E-Gov Travel (eTravel) is a Web-based Governmentwide service to manage Federal Government travel from beginning (authorization) to end (payment).

II. PURPOSE

The audit objectives were to determine if:

- Travel costs associated with premium air travel (i.e., per diem) are properly authorized, justified, and documented.
- Premium air travel is properly authorized, justified, and documented. As part of this objective, the Office of the Inspector General (OIG) specifically assessed compliance with requirements in OMB Memorandum M-08-07.

Appendix A contains information on the audit scope and methodology.

III. FINDINGS

With respect to per diem associated with premium travel, NRC's travel program is well managed. However, NRC needs to improve controls over the premium air travel process to prevent excess spending on travel and to properly justify the money used for premium air transportation.

A. Travel Costs Associated with Premium Travel

Travel costs associated with premium travel were generally authorized, justified, and documented in accordance with Federal requirements.

Federal Travel Regulation Requirements

The FTR prescribes mandatory regulations and controls for travel by Federal civilian employees and others authorized to travel at Government expense. Specifically, employees must use established per diem rates for hotels unless they have prior approval from agency management to exceed them. For international travel, these per diem rates are set by the Department of State. Employees must follow these rates, unless authorized by agency officials to exceed them. A traveler may obtain actual expense reimbursement if a request for authorization is made and granted in advance of the travel. Additionally, approval of actual cost may be granted after the fact when properly supported in accordance with agency policy and authorized by a designated official. Regarding travel reimbursement, the FTR states that all travel claims must be reimbursed to the traveler within 30 calendar days after submission to the agency's designated approving office.

Further, NRC Management Directive (MD) 14.1, "Official Temporary Duty Travel," provides NRC travelers with implementation guidance for official Government travel and the means to properly claim reimbursement for expenses.

Associated Travel Costs Generally in Compliance

NRC generally complied with FTR per diem requirements for trips involving premium travel during the time period reviewed. Additionally, during this time period, NRC made significant improvements in processing travel vouchers. Auditors reviewed each of the 77 premium travel trips, including associated travel costs, that NRC staff took between October 1, 2006, and March 31, 2008. Each of these trips included at least one segment (i.e., part of route) of premium travel at an additional cost to NRC.

Auditors noted that after OCFO outsourced travel voucher processing to DOI/NBC in January 2008, there were improvements in the process. Specifically, travel voucher processing time improved subsequent to the outsourcing. Prior to the change, OCFO averaged 15 days to reimburse employees for travel expenses. In a few instances, OCFO took longer than 30 days to reimburse employees. However, since DOI/NBC took over the processing and payment of travel vouchers, the average processing time has shortened to 7 days.

B. Premium Air Travel

Despite Federal and agency policies requiring that premium air travel be used only when warranted, approximately 50 percent of the premium air travel taken by NRC employees, between October 1, 2006, and March 31, 2008, was inappropriately authorized, justified, and/or documented. Additionally, NRC did not fully comply with OMB M-08-07 with regard to the definition of a rest period (see Appendix D for NRC's definition of a rest period). Further, NRC's premium travel approval process for the Chairman's travel differs from other Federal commissions. These problems occurred because NRC premium air travel guidance is inconsistent, unclear, and misleading to employees. The absence of proper controls over the premium air travel program resulted in NRC overspending approximately \$104,000 on unjustified premium travel during the 18-month period.

Relevant Federal and Agency Requirements

OIG identified Federal and agency policies, described below, that address requirements for use of premium air travel and require the proper authorization, justification, and documentation of decisions to use this class of travel.

Federal Travel Regulations

The FTR governs the use of premium travel. This guidance requires that travelers fly coach for official domestic and international air travel, except when a traveler meets one or more prescribed exceptions and the agency authorizes the use of premium travel. As noted in Appendix B, there are four exceptions when a traveler can use first class travel and nine exceptions for all other types of premium travel. OCFO officials stated that during the period reviewed, the only two reasons for using premium class travel were: (1) to accommodate a disability, in which case a medical waiver is obtained,³ and (2) when a traveler journeys for at least 14 hours without a rest period upon arrival or en route.

MD 14.1, "Official Temporary Duty Travel"

MD 14.1 contains NRC's internal policies and procedures that clarify the premium class travel provisions of the FTR. NRC's policy is to authorize premium class travel in very specific, limited circumstances. As a general rule, coach class accommodations shall be used for all modes of passenger travel.

³ NRC MD 14.1 requires that written statements for medical waivers be submitted each fiscal year.

NRC travelers must obtain written justification for premium class travel in advance of travel. Furthermore, MD 14.1, Exhibit 4.2, provides a required format to obtain approval for premium class transportation, known as "specific authorization" (see Appendix E for a copy of this form). In addition, only the Chairman, Executive Director for Operations, and Inspector General are authorized to approve the use of premium travel for employees that report to them. MD 14.1 also states that the Chairman may delegate his signature authority within the Office of the Chairman to authorize premium class transportation. Per MD 14.1, the Chairman may also authorize and approve requests for premium class travel for himself.

GAO Standards for Internal Control

GAO's publication, "Standards for Internal Control in the Federal Government," states that internal controls and all transactions need to be clearly documented and the documentation should be readily available for examination. Additionally the GAO standards state that documentation should appear in management directives, and administrative policies and records should be properly managed and maintained.

OIG notes appropriate documentation of transactions is useful in evaluating or analyzing operations. When documentation of transactions is complete and accurate, it facilitates the tracing of transactions from travel authorization, through the travel voucher process, to the completed reimbursement to the traveler. Therefore, travel vouchers should include enough information for a clear audit trail.

OMB M-08-07

In January 2008, OMB issued Memorandum M-08-07, "Use of Premium Class Travel," to department and agency heads both as a reminder of premium class travel requirements and to reinforce the importance of establishing clearly defined internal controls regarding the use of premium class accommodations. OMB required that agencies implement the following premium class travel policies immediately:

- Require that premium class travel requests for all agency personnel, including senior-level executives, be approved by an individual at least at the same level as the traveler, or by an office designated to approve premium class travel.
- Develop and issue internal guidance that explains when mission criteria and intent call for premium class accommodations.
- Define what constitutes a rest period.

- Require annual certifications of a disability, unless such disability is lifelong.
- Restrict premium class travel for both temporary duty and permanent change of station travel (relocations) when the employee is not required to report to duty the following day.
- Prohibit blanket travel authorizations for premium class travel, unless the traveler has a certification of disability.

Premium Travel Inappropriately Authorized, Justified, and/or Documented

Despite requirements, approximately one half of the premium air travel trips taken were inappropriately authorized, justified, and/or documented. OIG reviewed all travel packages associated with the 77 premium travel trips taken between October 1, 2006, and March 31, 2008. Travel packages – which included travel authorization request forms, hotel receipts, airline itineraries, and detailed lists of expenses – were reviewed to determine if:

- Appropriate approval was granted.
- Travel met FTR requirements.
- Supporting documentation was included.

OIG determined that at least one problem existed with authorization, justification, or documentation in approximately 50 percent of the 77 premium travel trips reviewed.

Authorization

OIG considered a premium travel request properly authorized if it included administrative approval by the Chairman⁴ or the Executive Director for Operations, based on the traveler's office reporting structure. Such approval is conveyed by signature on the travel authorization form or on an attached signed memorandum approving premium travel (i.e., specific authorization). OIG reviewed the 77 travel packages requiring Chairman or the Executive Director for Operations signature and determined that 34 trips did not contain the appropriate signatures and therefore were not properly authorized.

⁴ MD 14.1 states that the Chairman can delegate, within his office, his authority to approve premium travel. The Chairman has delegated this authority to three members of his staff. OIG considered these signatures as properly authorized.

Justification

A premium travel trip was determined to be justified if all premium portions of the travel met FTR requirements. While the FTR describes 13 exceptions allowing use of premium travel, NRC used only 2 types of exceptions during the period reviewed: a medical waiver and flights longer than 14 hours.

As shown in Table 1, all 34 premium travel trips involving medical waivers were properly justified, while 29 of the 43 trips involving the 14-hour rule did not fully meet FTR requirements.

Table 1. Breakdown of Premium Air Trips

	Medical Waiver	14-Hour Rule	Total
Justified	34	14	48
Unjustified	0	29	29
Total	34	43	77

The FTR states that premium class travel can be used when:

“...the origin and/or destination are outside the continental United States, and the scheduled flight time, including stopovers and change of planes, is in excess of 14 hours. *(In this instance you will not be eligible for a rest stop en route or a rest period upon arrival at your duty site.)*” (Emphasis added.)

The FTR further states that a rest period should not exceed 24 hours. While all premium travel trips taken using the 14-hour rule met the travel length requirements, the 29 unjustified trips included adequate rest periods upon arrival; therefore, the employees were not justified in using premium travel.

Documentation

OIG considered a premium travel request properly documented if it included a written explanation as to why the traveler requested premium travel. This explanation should be noted on the travel authorization form or on an attached specific authorization form. Of the 77 premium travel trips taken, 24 trips were not documented properly. Specifically, there was no stated reason for the use of premium travel.

Furthermore, OIG reviewed travel voucher packages for completeness of information. Of the 77 travel voucher packages reviewed, 28 were missing information. All but one of these travel voucher packages were missing itineraries. While OCFO was able to provide information on the flights taken on these premium trips, this information was not included in the travel package records.

Compliance with OMB Memorandum

NRC generally complied with OMB M-08-07 in that the agency responded to the March 31, 2008, deadline⁵ and the response addressed all six policy areas. For many of the areas that OMB requested agencies to address, NRC already had existing guidance. However, OIG concluded that NRC's definition of a rest period is not complete. Specifically, NRC needs to clearly define how a rest period impacts the use of premium travel.

OIG also determined that NRC's policy of permitting the Chairman to self-authorize premium travel is at variance with OMB M-08-07's direction that requests must be approved by someone at the same level or by an office designated to approve premium travel. OIG contacted five Government agencies with Commission structure similar to NRC's to determine their processes for approving premium travel for their Chairmen. OIG found that none permitted Chairman self-approval, as allowed by NRC.

Table 2. Premium Travel Approval for Chairmen of Commission-Based Agencies

	Federal Communications Commission	Securities and Exchange Commission	Federal Energy Regulatory Commission	Consumer Product Safety Commission	Federal Trade Commission
Approves Chairman Premium Travel	Managing Director (e.g., Executive Director)	Executive Director	Executive Director	Acting Chairman in conjunction with the General Counsel	Executive Director

As noted in Table 2, all five agencies have a designated office that approves the Chairman's premium travel. Four of the five agencies designate the Executive Director to approve the Chairman's travel. For

⁵ NRC was granted a 1-week extension to the deadline and NRC submitted its response before this extension expired.

the other agency, the Acting Chairman, in conjunction with the General Counsel, approves premium travel for the Chairman. OIG's benchmarking review shows that agencies with a similar structure to NRC do not allow self-authorization.

OIG met with the GAO auditors who conducted the audit that identified Governmentwide weaknesses in internal controls over the use of premium class travel. Based on this meeting, OIG learned that, as a general rule, GAO believes self-authorization is not a good practice and that senior executives should not approve their own travel. It is important that someone independent review travel requests for agency heads prior to the travel and, further, it is important that this process be documented in the agency policies.

Guidance and Controls Lacking Over Premium Travel

NRC's failure to comply with premium class travel restrictions occurred because of incorrect agency guidance and lack of controls in the travel approval process.

Inappropriate authorizations of premium travel occurred because NRC guidance concerning authorizations is inconsistent, unclear, and misleading and because OCFO did not require the necessary signatures for some premium travel trips. MD 14.1 contains conflicting information regarding who can approve premium class travel. While one section states that the Chairman, Executive Director for Operations, and Inspector General are responsible for approving premium travel, another section states that Office Directors, Regional Administrators, and the Chief Financial Officer can approve premium class travel. OCFO officials clarified to OIG that only the Chairman, Executive Director for Operations, and Inspector General should approve requests for premium travel. An OCFO official stated the office is aware of these inconsistencies in MD 14.1 and is working to correct the language. OCFO also issued a yellow announcement on March 7, 2008, to all employees reminding them of the rules of premium travel and identifying the approving officials for premium travel. In addition, OCFO staff acknowledged that they did not require Chairman or Executive Director for Operations signatures for premium travel trips that met the 14-hour rule, which also contributed to the problems OIG identified.

Improperly justified premium travel occurred because of a lack of sufficient internal controls over the premium travel process. According to OCFO management, the traveler's supervisor is responsible for reviewing the travel request and determining if premium travel is justified. However, these first-line supervisors are not trained on FTR and NRC requirements for using premium travel. Additionally, OCFO staff who process premium

travel requests rely on first-line supervisors to determine whether a rest period was taken upon arrival at a travel destination or upon return. OCFO staff do not have access to traveler schedules and are unable to make these determinations; therefore, they do not provide a second level of scrutiny over appropriate use of premium travel, e.g., use of a rest period. However, OCFO staff are required to ensure that flights meet the 14-hour requirement. OCFO management acknowledges that the use of a rest period was not factored into the decision to allow employees to take premium travel.

Inconsistencies in travel authorization requests and travel voucher packages occur because OCFO staff do not require consistent documentation. OCFO staff stated that the office did not require specific authorizations (i.e., an attached signed memorandum approving the use of premium travel, such as the one shown in Appendix E of this report) to be attached to the travel authorizations.

OIG determined that during the 18-month review period, NRC spent approximately \$550,000 on premium air travel, \$104,000 of which was not justified. With improved controls over the process, NRC would have been able to put these funds to better use. Furthermore, without appropriate documentation for decisions regarding premium travel, NRC is unable, in many instances, to explain why premium travel was needed. As NRC transitions to eTravel, it is important that proper controls and guidance be implemented to prevent these errors in the future.

Recommendations

The Office of the Inspector General recommends that the Chief Financial Officer:

1. Update Management Directive 14.1 to:
 - Clearly identify premium travel authorizing officials.
 - Clarify "Delegation of Authority" and require this to be in written form.
 - Clarify the 14-hour rule, specifically the rest period.
2. Issue interim guidance to accomplish the intent of Recommendation 1, pending revision of Management Directive 14.1.

3. Provide annual training on premium travel requirements to travelers and supervisors involved in premium travel. This training should include:
 - Who can authorize.
 - What makes it justified.
 - What documentation is required.
4. Develop and implement internal controls to ensure that proper authorization, justification, and documentation exist before issuing premium travel air tickets.
5. Develop and implement internal controls to ensure that travel voucher packages include itineraries.
6. As NRC transitions to eTravel, develop controls that:
 - Require premium travel to be authorized by the appropriate officials.
 - Ensure premium travel justification fully meets FTR criteria.
 - Require travel authorization forms to state reasons why premium travel is required.
7. Designate the Executive Director for Operations as the approving official for all Chairman requests for premium travel.

IV. AGENCY COMMENTS

At an exit conference on September 3, 2008, NRC officials agreed with the report contents and provided editorial suggestions, which OIG incorporated as appropriate.

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SCOPE AND METHODOLOGY

Auditors evaluated NRC's premium travel program to determine if travel packages contained proper authorization, justification, and supporting documentation to validate the use of premium travel. In addition, auditors reviewed the associated per diem of premium travel and related issues including timely payment upon completion of the travel voucher.

The audit team reviewed NRC compliance with relevant criteria, including the FTR; NRC MD 14.1, "Official Temporary Duty Travel;" and OMB M-08-07, "Use of Premium Class Travel." Other criteria reviewed related to the internal controls over premium travel include GAO Report 07-1268, "Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel," dated September 2007; GAO Standards for Internal Control; Department of State prescribed per diem rate schedule; and NRC Yellow Announcement 08-033, "Reminder Regarding Use Of Premium Class Airline Travel."

At NRC Headquarters in Rockville, MD, auditors interviewed OCFO staff and management from Carlson Wagonlit Travel, the agency's travel services contractor, to gain an understanding of their roles and responsibilities as they pertain to the issuance of premium class travel accommodations. Auditors also interviewed the project manager for NRC's eTravel system to assess how internal controls have and could be incorporated into eTravel. Additionally, auditors traveled to Denver, CO, to interview DOI/NBC staff who process travel vouchers.

OIG reviewed 100 percent of premium travel taken between October 1, 2006, and March 31, 2008, and identified all trips containing at least one segment of premium class travel. OIG excluded from the review premium class travel that represented no additional cost to the Government. Auditors analyzed the remaining trips and determined if:

- Proper authorization existed.
- The trip met the FTR criteria.
- The travel package contained the proper documentation.

Auditors then determined the excess cost borne by the Government for any travel found not justified in accordance with one of the 13 reasons stated in the FTR as justification for premium travel.

This work was conducted from March 2008 through August 2008 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 conclusions based on our audit objectives. The work was conducted by Steven Zane, Team Leader; Kathleen Stetson, Audit Manager; Rebecca Underhill, Senior Auditor; Yvette Mabry, Senior Auditor; and Joseph Foster, Management Analyst Intern.

FEDERAL TRAVEL REGULATIONS

The following is taken directly from FTR, Part 301-10, "Transportation Expenses."

First Class Travel

You may use first-class airline accommodations only when your agency specifically authorizes/approves your use of such accommodations, for the reasons given under paragraphs (a) through (d) of this section [of FTR].

- (a) No coach or business-class accommodations are reasonably available. "Reasonably available" means available on an airline that is scheduled to leave within 24 hours of your proposed departure time, or scheduled to arrive within 24 hours of your proposed arrival time.
- (b) When use of first-class is necessary to accommodate a disability or other special need. A disability must be substantiated annually in a written statement by a competent medical authority. A special need must be substantiated in writing according to your agency's procedures. If you are authorized under §301-13.3(a) of this chapter [of FTR] to have an attendant accompany you, your agency also may authorize the attendant to use first-class accommodations if you require the attendant's services en route.
- (c) When exceptional security circumstances require first-class travel. Exceptional security circumstances are determined by your agency and include, but are not limited to:
 - (1) Use of other than first-class accommodations would endanger your life or Government property;
 - (2) You are an agent on protective detail and you are accompanying an individual authorized to use first-class accommodations; or
 - (3) You are a courier or control officer accompanying controlled pouches or packages.
- (d) When required because of agency mission.

Other Premium Class Travel

[You may use business-class airline accommodations] only when your agency specifically authorizes/approves your use of such accommodations, for the reasons given under paragraphs (a) through (i) of this section [of FTR].

- (a) Regularly scheduled flights between origin/destination points (including connecting points) provide only first-class and business-class accommodations and you certify such on your voucher.
- (b) No space is available in coach-class accommodations in time to accomplish the mission, which is urgent and cannot be postponed.
- (c) When use of business-class accommodations is necessary to accommodate your disability or other special need. Disability must be substantiated in writing by a competent medical authority. Special need must be substantiated in writing according to your agency's procedures. If you are authorized under §301-13.3(a) of this chapter [of FTR] to have an attendant accompany you, your agency also may authorize the attendant to use business-class accommodations if you require the attendant's services en route.
- (d) Security purposes or exceptional circumstances as determined by your agency make the use of business-class accommodations essential to the successful performance of the agency's mission.
- (e) Coach-class accommodations on an authorized/approved foreign air carrier do not provide adequate sanitation or health standards.
- (f) The use results in an overall cost savings to the Government by avoiding additional subsistence costs, overtime, or lost productive time while awaiting coach-class accommodations.
- (g) Your transportation costs are paid in full through agency acceptance of payment from a non-federal source in accordance with Chapter 304 [of FTR].
- (h) Where the origin and/or destination are outside the continental United States, and the scheduled flight time, including stopovers and change of planes, is in excess of 14 hours. (In this instance you will not be eligible for a rest stop en route or a rest period upon arrival at your duty site.).
- (i) When required because of agency mission.

OMB MEMORANDUM M-08-07

DEPUTY DIRECTOR
FOR MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 8, 2008

M-08-07

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Clay Johnson *CJ*
Deputy Director for Management

SUBJECT: Use of Premium Class Travel

On September 28, 2007, the Government Accountability Office (GAO) reported numerous instances of improperly authorized or justified uses of premium (first and business) class travel by Federal travelers.¹ Due to the high cost of premium class travel, it is crucial for Federal travelers to understand Federal travel policies. This Memorandum is a reminder to the heads of Departments and Agencies of the premium class travel requirements, and to reinforce the importance of having clearly defined internal controls in place regarding when the use of premium class accommodations is appropriate.

The Federal Travel Regulations (FTR) govern Executive branch policies for travel by Federal civilian employees and others authorized to travel at Government expense. These regulations are intended to ensure that official travel is conducted in a responsible manner. FTR [§301-10.121](#) - [§301-10.124](#) detail the conditions that must be met in order to use premium class accommodations. Agency personnel (e.g., the approving official) also have a responsibility to ensure that other conditions surrounding the request for and use of premium class accommodations are reasonable and necessary given the circumstances of the travel and/or the cost of the travel.

The General Services Administration (GSA) is in the process of revising the FTR in consideration of some of the recent GAO findings. In addition to any future government-wide regulatory requirements, I am also asking that you internally implement the following premium class travel policies immediately:

- Require that premium class travel requests for all agency personnel, including senior-level executives be approved by an individual at least at the same level as the traveler, or by an office designated to approve premium class travel;
- Develop and issue internal guidance that explains when mission criteria and intent call for premium class accommodations;
- Define what constitutes a rest period;

¹ *Premium Class Travel: Internal Control Weaknesses Governmentwide Led to Improper and Abusive Use of Premium Class Travel*, GAO-07-1268. (Washington, D.C., September 28, 2007).

- Require annual certifications of a disability, unless such disability is lifelong;
- Restrict premium class travel for both temporary duty and permanent change of station travel (relocations) when the employee is not required to report to duty the following day; and,
- Prohibit blanket travel authorizations for premium class travel, unless the traveler has a certification of disability.

To ensure greater transparency and accountability for all premium class travel, GSA is also in the process of preparing agency guidance to collect and report on business class travel, similar to the existing first class travel report requirement. The Office of Management and Budget will also begin working with Executive branch agencies to develop a risk-based review, reporting, and audit framework for premium class travel. This framework will be consistent with the risk-based approach to assess the effectiveness of internal controls described in OMB Circular A-123, Management's Responsibility for Internal Control, and its appendices.

Please confirm, in writing, no later than March 31, 2008, that you have implemented, at a minimum, the internal controls bulleted above. Your response should be sent to Danny Werfel, Acting Controller, at fiareports@omb.eop.gov. If you believe existing controls are in place and that additional controls are unwarranted, please also make that assertion in writing.

NRC'S DEFINITION OF REST PERIOD

MD 14.1, Section 4.4.2, defines a rest period as follows:

The NRC may authorize a rest period of up to 24 hours when the following four conditions are met:

- (1) Employees travel directly between authorized origin and destination points that are separated by several time zones
- (2) Either the origin or destination point is outside CONUS
- (3) Employees are traveling by less than premium class accommodations
- (4) The scheduled flight time, including stopovers, exceeds 14 hours

The rest stop may be authorized for any intermediate point, including points within CONUS, provided the point is midway in the journey or as near to midway as requirements for use of U.S. flag air carriers and carrier scheduling permit.

A rest stop will **not** be authorized when an employee, for personal convenience, elects to travel by an indirect route resulting in excess travel time.

The per diem rate for the rest stop will be the rate applicable for the rest stop location.

When a rest stop is not authorized or cannot be scheduled due to airline schedules, the traveler should plan his or her trip to allow sufficient time to rest before reporting to duty.

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SPECIFIC AUTHORIZATION FORM

**Volume 14, Travel
Official Temporary Duty Travel
Handbook 14.1 Part 4**

**Exhibit 4.2
Request for Authorization and Approval for
Use of Premium Class Transportation**

I certify that it (is) (was) necessary to use first class air/train accommodations for travel between ____ (from) ____ and ____ (to) ____ on ____ (date) ____ for the following reasons in accordance with Section 4.2.3.1 of Handbook 14.1.

- or -

I certify that it (is) (was) necessary to use premium class other than first class air/train accommodations for travel between ____ (from) ____ and ____ (to) ____ on ____ (date) ____ for the following reasons in accordance with Section 4.2.3.2 of Handbook 14.1.

(Traveler's Signature) (Date)

(Title)

NRC business precludes use of a rest stop for travel to Asia*

APPROVED:

(Signature) (Date)

(Title)

*If applicable, per EDO memorandum of March 31, 1997, regarding foreign travel premium class other than first class upgrade
Approved: January 28, 1998 4-35
(Revised: June 7, 2005)