



U.S. Securities and Exchange Commission
Office of Inspector General
Office of Audits

Audit of the FedTraveler Travel Service



September 22, 2010
Report No. 483

MEMORANDUM

September 22, 2010

To: Kenneth Johnson, Associate Executive Director,
Office of Financial Management (OFM)
Sharon Sheehan, Associate Executive Director, Office of
Administrative Services (OAS)

From: H. David Kotz, Inspector General, Office of Inspector General
(Signed HDKotz)

Subject: *Audit of the FedTraveler Travel Service, Report No. 483*

This memorandum transmits the U.S. Securities and Exchange Commission, Office of Inspector General's (OIG) final report detailing the results of our audit on the FedTraveler Travel Service. This audit was conducted as part of our continuous effort to assess the management of the Commission's programs and operations and as a part of our annual audit plan.

The final report contains 20 recommendations, which if implemented should improve the Commission's programs and operations. Your written response to the draft report is included in its entirety in Appendix V. The OFM concurred with the 18 recommendations addressed to its office and OAS concurred with the 2 recommendations addressed to its office.

Within the next 45 days, please provide the OIG with a written corrective action plan that is designed to address the agreed-upon recommendations. The corrective action plan should include information such as the responsible official/point of contact, time frames for completing the required actions, milestones identifying how you will address the recommendations cited in this report.

Should you have any questions regarding this report, please do not hesitate to contact me. We appreciate the courtesy and cooperation that you and your staff extended to our staff during this audit.

Attachment

cc: Kayla J. Gillan, Deputy Chief of Staff, Office of the Chairman
Jeffery Heslop, Chief Operating Officer, Office of the Chief
Operating Officer
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Financial Management

Audit of FedTraveler Travel Service

Executive Summary

Background. E-Gov Travel Service (ETS), one of the five General Service Administration (GSA) managed E-Government (E-Gov) initiatives, was launched in response to the President's Management Agenda's mission to improve the internal efficiency and effectiveness of the federal government.

The Federal Travel Regulation, 41 C.F.R. § 301-73.101 mandated that federal agencies fully deploy an ETS by September 30, 2006. Therefore, on March 31, 2005, after extensive evaluation of the three available ETS vendors, the Securities and Exchange Commission (SEC or Commission) issued a task order to HP Enterprise Services LLC to procure its FedTraveler travel system (FedTraveler). FedTraveler is a comprehensive, end-to-end service to plan, book, track, approve, and request reimbursement for travel services for managing federal employees' official travel. Although mandated to be deployed by September 2006, FedTraveler was not fully deployed at the SEC until June 2008. Many federal agencies, in addition to the SEC, use FedTraveler.

The SEC Office of Inspector General (OIG) has received complaints about FedTraveler since its implementation, including concerns about the imposition of numerous administrative charges for a variety of unexplained reasons.

Objectives. The overall objective of the audit of FedTraveler was to assess the adequacy of the service provided by FedTraveler and identify areas of improvement to reduce or eliminate fraud, waste, and abuse. Specific audit objectives included:

- Surveying SEC employees to determine the level of actual concern on the part of SEC employees with FedTraveler.
- Determining the source of administrative fees charged by FedTraveler and assessing the bases for the fees and whether the SEC and its employees are being unnecessarily overcharged by FedTraveler.
- Determining whether FedTraveler has effective controls over hotel accommodations and requires compliance with applicable rules and regulations and avoidance of waste, fraud, and abuse.
- Determining if there are areas where the SEC can reduce unnecessary costs.

Results. The OIG conducted this audit partially because of the numerous complaints we received about FedTraveler from SEC employees since its implementation. In a survey we launched to aid in the audit, we found that SEC employees are significantly dissatisfied with FedTraveler. The largest percentage of respondents to a survey question about costs responded that they “strongly disagreed” that the FedTraveler system had lowered costs, even though one of the stated goals of the E-Gov initiative was “to significantly reduce the cost of federal travel management and to achieve dramatic cost savings.” SEC employees who completed the survey also generally responded that they do not believe that the hotel booking process has been simplified, with one traveler commenting, “Booking a hotel is one of the most frustrating aspects of FedTraveler.” Further, respondents felt the FedTraveler system did not reduce the amount of time required to make travel arrangements (the largest percentage of respondents (19.1 percent), “strongly disagreed” that the amount of time has been reduced), even though another stated objective was to simplify the travel process. In addition, a majority of survey respondents did not believe the FedTraveler system was user friendly, although their satisfaction level had increased over the past year, and they reported being satisfied with Fed Traveler support services within the Commission.

An area of the FedTraveler system that has been particularly troubling to SEC travelers (according to both the complaints we received and the survey results) is the “excessive” FedTraveler transaction fees. Our audit confirmed that the transaction fee structure is confusing and often excessive. We found that there are actually three layers of transaction fees associated with FedTraveler: (1) an initial charge when transportation is ticketed; (2) additional and often multiple charges assessed when CI Travel, FedTraveler’s off-site travel management center, provides assistance to the traveler; and (3) a report voucher fee that is not charged until a traveler’s expense report has been finalized and approved for payout. We found there is no proper explanation of these transaction fees provided to SEC travelers.

We also reviewed sample itineraries and found specific and numerous instances of excessive fees. Fees for some trips totaled over \$100 and, in several cases, travelers were charged transaction fees that represented a large percentage of the total cost of their trips (e.g., one traveler was charged over \$43 in transaction fees for a trip costing less than \$125). In all, we found that FedTraveler charged SEC employees or contractors nearly \$190,000 in transaction fees for travel over a seven-month period.

Our audit further found that the fees being charged by FedTraveler for trips in our sample were not in accordance with the fee schedule contained in the FedTraveler task order signed by the SEC in March 2005, and that there was significant confusion about what fees should be properly charged. In fact, during the course of the audit we received conflicting opinions from the Contracting

Officer and Contracting Officer Technical Representative as to whether the SEC's task order or the GSA master contract pricing details applied to the FedTraveler contract. We concluded that this confusion over the FedTraveler's fee structure raises significant concerns about the level of SEC monitoring of the FedTraveler contract.

Our audit also identified several ways in which the SEC can reduce transportation expenses by, among other things, educating travelers on utilizing the allowable exceptions to the use of contract fares, and we made suggestions to reduce the significant funds currently being expended for customer support, which includes five full-time on-site contractor representatives at an annual cost of over \$1 million (excluding transaction costs). We found that requests for actual expenses for lodging need to be more closely scrutinized and increased controls are necessary for travel involving the use of a privately-owned vehicle. We further found that a noteworthy number of travelers are not receiving their reimbursements within a timely manner causing them to pay travel expenses out of their own pocket. Finally, the audit determined that FedTraveler is not providing the SEC with the reporting capabilities it promised and, as a result, OFM is unable to thoroughly analyze the cost effectiveness of the system and any anticipated changes.

Summary of Recommendations. Specifically, the OIG recommends that the Office of Financial Management:

- (1) Establish a working group to independently analyze the survey results, comments, and suggestions made in response to the survey and make recommended improvements to the Associate Executive Director for Financial Management to help mitigate deficiencies with the system and ease the frustration of Commission employees.
- (2) Develop regular means of communication (i.e., website updates, newsletters or similar media) with Commission staff regarding common FedTraveler issues and solutions regarding booking airline and hotel accommodations, transaction fees, electronic preparation of travel authorizations and expense reports, etc. as well as any changes to existing travel policy.
- (3) Consult with FedTraveler and CI Travel to publish a guide for employees that clearly explains the transaction fee structure, including the amount, timing and frequency of fee charges.
- (4) Educate Commission staff on alternatives to contacting CI Travel to minimize non-self service transaction fees that result in high transaction costs for the SEC.

(5) Work with FedTraveler to require that travelers are notified when non-self service transaction fees are charged by CI Travel, including providing a justification for the charge and information regarding the travel itinerary to which the charge relates. Alternatively, the Office of Financial Management should consider centrally billing all transaction fees to remove the burden of reconciliation from Commission staff.

(6) Determine the feasibility and cost effectiveness of implementing a financial system change to capture transaction fee costs in a distinct Budget Object Class (BOC) code, which will provide greater transparency for travelers on expense reports and potentially provide useful cost information for budget planning purposes.

(7) Issue guidance to travelers regarding available exceptions to using the contract fare and tips on reliable outside sources for confirming that no contract flights exist prior to requesting a non-contract flight.

(8) Remind travelers of the exceptions in the Federal Travel Regulation for claiming actual necessary expenses and require that travelers provide clear justifications in their travel authorizations when claiming actual necessary expenses, including the applicable Federal Travel Regulation exception.

(9) Determine how the requirement in the SEC Travel Policy requiring travelers to call three hotels prior to requesting actual necessary expenses can be enforced or provide travelers and approving officials with alternative guidance on what they should do to locate Federal Travel Regulation compliant lodging and how their efforts should be documented.

(10) Require approving officials to review and approve requests for actual expenses for lodging prior to such requests being routed to the Office of Financial Management. This will help ensure that travelers have exercised due diligence in their efforts to identify appropriate lodging and place responsibility on the approving official to ensure that justifications are appropriate.

(11) Work with FedTraveler to implement additional system controls to ensure that travel by privately owned vehicles is in accordance with the Federal Travel Regulation, including routing such travel through the Office of Financial Management.

(12) Request that FedTraveler institute a system control that notifies travelers when their expense reports have not been submitted within the time period permitted by the Federal Travel Regulation and SEC Travel Policy.

(13) Request that FedTraveler provide the needed reporting capability to enable OFM to effectively monitor the receipt and processing of expense reports in accordance with the Federal Travel Regulation.

(14) Publish on its travel website best practices with regard to preparation of expense reports so travelers can avoid the most common mistakes that result in returned expense reports in FedTraveler.

(15) Determine the feasibility and cost effectiveness of implementing a split disbursement method for payment of travel expenses.

(16) Identify and request from FedTraveler ad-hoc reporting capabilities that are needed to successfully perform their travel responsibilities and analyze the cost effectiveness of implementing such changes.

(17) Examine the activity level of the current customer service representatives to determine if the current number of representatives is appropriate.

(18) Establish agency-specific performance measures or other means to monitor the service provided by the customer service representatives.

We also recommended that the Office of Administrative Services:

(1) Request a legal opinion from the Office of General Counsel regarding the amount and frequency of fees charged by FedTraveler to ensure that the charges are appropriate and in accordance with the General Service Administration's Master Contract and the Securities and Exchange Commission's task order.

(2) Request access from GSA to the master contract via GSA's digital contract library and also provide access to the Contract Officer Technical Representative to assist in contract monitoring. OAS should also take appropriate measures to ensure that it is being properly notified by GSA of all changes to the master contract.

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Background and Objectives

Background

E-Gov Travel Service (ETS), one of the five General Service Administration (GSA) managed E-Gov initiatives, was launched in response to the President's Management Agenda's mission to improve the internal efficiency and effectiveness of the federal government. In November 2003, GSA with the collaboration of over 23 federal agencies, awarded Firm Fixed Price, Indefinite Delivery/Indefinite Quantity (IDIQ) contracts to three ETS vendors: CW Government Travel, Inc. of San Antonio, Texas; Electronic Data Systems Corporation (EDS) of Fairfax, Virginia (hereinafter referred to as HP Enterprise Services, LLC); and Northrop Grumman Mission Systems of Fairfax, Virginia.¹ Each contract has a possible period of performance up to ten years for the provision of web-based, end-to-end travel management services to the federal government.²

The Federal Travel Regulation, 41 C.F.R. (FTR) § 301-73.101 mandated that federal agencies fully deploy an ETS by September 30, 2006. Therefore, on March 31, 2005, after extensive evaluation of the three available ETS vendors, the Securities and Exchange Commission (SEC or Commission) issued a task order to HP Enterprise Services, LLC to procure its FedTraveler travel system (FedTraveler). The SEC's evaluation process consisted of (1) analyzing the ETS vendors' product application features (e.g., training, application appearance, internal and external security, etc.) based on product demonstrations; (2) reviewing user feedback from testing performed at eight regional offices and (3) reviewing responses from the three ETS vendors to SEC questions related to items such as help desk support. The process also included reviewing vendor pricing.

Although mandated to be implemented by September 2006, FedTraveler was not fully deployed at the SEC until June 2008. In order to minimize program disruptions to SEC staff and address system integration issues between FedTraveler and the agency's financial accounting system, the Office of Financial Management (OFM) requested two extensions from GSA to delay FedTraveler's implementation. The Office of Administrative Services (OAS) is responsible for administering the FedTraveler contract, while OFM is responsible for daily contract oversight and is the official source for travel guidance and regulations for domestic travel within the SEC.

FedTraveler is a comprehensive, end-to-end service to plan, book, track, approve, and request reimbursement for travel services for managing federal employees' official travel. Many federal agencies, in addition to the SEC, use FedTraveler, including the Department of Veterans Affairs, Department of Homeland Security, National Science

¹ See <http://www.gsa.gov/portal/content/105399>, "E-Gov Travel Service," pg 1.

² See http://www.gsa.gov/graphics/fas/Overview_of_the_ETS_Master_Contracts_30-Sep-2009.pdf, "Overview of the E-Gov Travel Service Master Contracts", pg 1.

Foundation, and National Aeronautics and Space Administration. For the first six months of Fiscal Year 2010, the SEC approved 5,682 travel authorizations, and completed 4,344 expense reports (including 515 local expense reports) using FedTraveler.

The SEC Office of Inspector General (OIG) has received complaints about FedTraveler, including concerns about the imposition of numerous administrative charges for a variety of unexplained reasons. These complaints have included an allegation that “FedTraveler has consistently and repeatedly overcharged the Commission and its employees for travel.” One complainant further described the FedTraveler system as “a perfect example of government waste and abuse” and several employees have stated that FedTraveler has turned out to be much more expensive and less user friendly than the previous travel system the SEC had in place.

Objectives

The overall objective of the audit of FedTraveler was to assess the adequacy of the service provided by FedTraveler and identify areas of improvement to reduce or eliminate waste, fraud, and abuse. Specific audit objectives included:

- (1) Surveying SEC employees to determine the level of actual concern on the part of SEC employees with FedTraveler;
- (2) Determining the source of administrative fees charged by FedTraveler and assessing the bases for the fees and whether the SEC and its employees are being unnecessarily overcharged by FedTraveler;
- (3) Determining whether FedTraveler has effective controls over hotel accommodations and requires compliance with applicable rules and regulations and avoidance of waste, fraud, and abuse; and
- (4) Determining if there are areas where the SEC can reduce unnecessary costs.

Findings and Recommendations

Finding 1: The OIG FedTraveler Survey Results Show a Large Percentage of SEC Travelers Remain Dissatisfied with FedTraveler and Several Important Objectives of the E-Gov Travel Initiative Have Not Been Accomplished

Although Commission staff reported growing satisfaction and excellent customer support related to FedTraveler, SEC travelers still have significant concerns with the system and many objectives of ETS have not been achieved, two years after its implementation.

In response to numerous concerns expressed by Commission staff to the OIG, we launched an electronic survey to elicit feedback from recent travelers and alternate preparers to determine the level of actual concern regarding various operational aspects of FedTraveler. The survey was also designed to determine whether the goals of the ETS initiative were being fulfilled at the SEC. Prior to launching the survey, we also obtained feedback and suggestions from OFM in order to identify everyday issues that are being reported to its office regarding FedTraveler.

All Commission employees who conducted official travel from October 1, 2009 to April 30, 2010 received the survey, in addition to staff members designated as alternate preparers. To ensure that our survey results were limited to Commission employees with actual experience using FedTraveler, a question at the beginning of the survey asked respondents whether they had used the system to prepare their travel arrangements. If an individual responded “no,” they were routed to the end of the survey without being required to answer any further questions.

The survey was distributed via e-mail to 1,873 Commission employees on June 21, 2010, and was closed on July 9, 2010. During this period, a total of 938 employees began the survey and 871 employees (92.9 percent) “completed” the survey.³

The survey was comprised of 35 questions, including 21 questions where respondents were encouraged to provide feedback in a “comments” section, and open-ended questions that allowed respondents to provide suggestions on how to improve certain FedTraveler functions. A summary of notable survey results is provided in this section.

³ For the purposes of our survey, “completed” means that the recipient clicked on the “done” button at the end of the questionnaire; all of the questions may or may not have been answered.

Respondents Do Not Believe FedTraveler Has Lowered Travel Costs

One of the stated goals of the ETS initiative was to significantly reduce the cost of federal travel management and to achieve dramatic cost savings. In complaints sent to the OIG, Commission staff expressed concern that the SEC's use of FedTraveler as its electronic travel system has not only failed to lower costs, but has led to an increase in costs to the SEC due to high transaction fees and increased transportation costs. One complainant wrote that "the SEC is wasting huge resources with FedTraveler." A separate complaint expressed the belief that perceived overcharging by FedTraveler "is done intentionally."

To obtain feedback from SEC travelers on whether they believed the use of FedTraveler was cost effective, we asked respondents whether they agreed with the statement, "The FedTraveler system has lowered travel costs for the SEC." The results to survey question five are provided in Table 1 below.

Table 1: Q. 5 – The FedTraveler System Has Lowered Travel Costs for the SEC. Number of Responses: 846

Strongly Agree	Agree	Somewhat Agree	Somewhat Disagree	Disagree	Strongly Disagree	Cannot Answer
0.8%	3.4%	5.6%	9.3%	12.5%	13.1%	55.2%

Source: OIG Generated

The largest percentage of respondents (13.1 percent) strongly disagreed that costs have been lowered under FedTraveler, while the smallest percentage of employees (0.8 percent) strongly agreed that costs have been lowered. The majority of respondents (55.2 percent) indicated that they did not have sufficient knowledge to answer this question. When calculating the results using the responses of only those who felt they could properly respond, a large majority of respondents (78 percent), did not agree that costs have been lowered, compared to 22 percent of respondents who believed that costs have been lowered under FedTraveler. The survey results raise serious questions about the cost-effectiveness of the system and whether there have been dramatic cost savings, as promised.

A total of 149 of 846 respondents commented on this question. Many respondents admitted that they did not have actual information to determine whether travel costs have been lowered overall, but stated that in their opinion the excessive fees and high cost of transportation associated with FedTraveler has likely resulted in higher costs to the Commission. A sample of the feedback the OIG received in response to survey question five is provided below:

- "I think that FedTraveler vastly overcharges the Commission or the Government for services performed. In one instance of recent travel, the charge for FedTraveler services was \$30 on an Amtrak Ticket of \$60. That is a 50 [percent]

Commission and is absolutely exorbitant [sic]. It is reminiscent of the \$100 toilet seats the Air Force used to have to pay for plane parts.”

- “Hotel costs are higher [and] airline flights are extremely high because we can go through only certain carriers. For example, recently I was given a quote for a flight of \$1,300 when I could have booked it online for less than \$300.”
- “I don't know about the overall costs by comparison to the old system. I do know that we are constantly getting small charges tacked on to our expense reports without any explanation of what the charges are for or even what trip they relate to.”
- “Under the old system we were charged a 1 time flat fee per trip to contact CI Travel as often as changes were needed. FedTraveler charges a fee for the authorization, another fee for the expense report & a fee EVERYTIME we contact CI Travel regarding changes to the flight or issues with the flight.”

The concerns expressed by SEC employees regarding high travel costs related to FedTraveler fees, and airline and hotel costs, have been analyzed at length during the course of this audit. Findings 2, 3, 4, and 8 provide further discussion of these areas and include recommendations on ways travel costs for the Commission can be lowered.

Respondents Do Not Believe the Hotel Booking Process Has Been Simplified Under FedTraveler

As part of the solicitation process for ETS, GSA listed several requirements for an E-Travel vendor’s online booking engine. These requirements included clearly listing all available government rate hotels in a real time environment. During a telephone interview with one complainant, this Commission employee explained the difficulties and irregularities related to making hotel reservations through the online booking engine. The employee explained that the system often fails to display all available government rate hotels in a destination city, and that they have called several hotels and found the hotels actually had government rate rooms available, contrary to what the online booking engine showed.

To gather feedback from Commission staff regarding the FedTraveler hotel booking process, we asked respondents whether they agreed with the statement, “The FedTraveler system has simplified the hotel booking process for SEC employees.” The survey results are provided in Table 2 below.

Table 2: Q. 11 – The FedTraveler System Has Simplified the Hotel Booking Process For SEC Employees. Number of Responses: 840

Strongly Agree	Agree	Somewhat Agree	Somewhat Disagree	Disagree	Strongly Disagree	Cannot Answer
2.0%	13.8%	13.9%	13.9%	13.6%	16.4%	26.3%

Source: OIG Generated

The largest percentage of respondents (16.4 percent) strongly disagreed that the hotel booking process had been simplified, while the smallest percentage of respondents (2.9 percent) strongly agreed. When including the responses of only those employees who felt they could properly respond, a large majority (60 percent) disagreed that the hotel booking process had been simplified. The results suggest that most Commission staff are dissatisfied with the hotel booking process and that another important objective of the ETS initiative may not have been achieved.

A total of 195 of 840 respondents commented on this survey question. Many respondents expressed a high level of dissatisfaction with the hotel booking process, and some indicated that the hotel booking process using the online booking engine was so poor that they are forced to regularly book their hotel accommodations outside of the system. A sample of the comments the OIG received to the survey are provided below:

- “Sometimes the hotels will show not available, but when you call, they are available for the government rate. Examiners need hotels close to the registrants and sometimes they are hard to locate through the system.”
- “It is very difficult to find hotels in FedTraveler. I always book hotels offline.”
- “Last time I tried to book a hotel through Fed Traveler, the recommended hotel was in a different city entirely from my destination.”
- “I have found that hotels I would like to stay at do not come up when I do a hotel search. But have been able to talk to the company directly, and there are government rates available.”
- “Booking a hotel is one of the most frustrating aspects of FedTraveler. It is very cumbersome to page through multiple hotel listings especially if you have a specific hotel in mind. Why you cannot simply input the hotel information in or simply add a hotel confirmation number is ridiculous.”

Additionally, the OIG’s concerns regarding the SEC’s internal controls over traveler’s claims for actual lodging expenses are discussed in Finding 4, along with recommendations to ensure travelers comply with applicable FTR requirements to maximize cost savings for the Commission.

Respondents Do Not Believe FedTraveler Has Reduced the Time Required to Make Travel Arrangements

Another stated objective of the ETS initiative was to simplify the travel process. As part of a simplified process, it is a reasonable expectation that using the new system would reduce the amount of time spent making travel arrangements. However, in complaints sent to the OIG, several Commission employees stated that the system is extremely time consuming to use. One employee stated that “rather than [doing] my job, I have spent the better part of five hours trying to book a trip for this week that should take five minutes to book.” Another complainant stated that “the FedTraveler system is a disaster, taking hours of employee time to resolve problems with reimbursement and travel.”

To determine whether Commission staff believe that the time required to make their individual travel arrangements has been reduced, we asked respondents whether they agreed with the statement, “The FedTraveler system has reduced the amount of time required to make travel arrangements.” The survey results are provided in Table 3 below.

Table 3: Q. 12 – The FedTraveler System Has Reduced the Amount of Time Required to Make Travel Arrangements. Number of Responses: 839

Strongly Agree	Agree	Somewhat Agree	Somewhat Disagree	Disagree	Strongly Disagree	Cannot Answer
2.4%	16.3%	16.3%	10.1%	13.8%	19.1%	21.9%

Source: OIG Generated

The largest percentage of respondents (19.1 percent) strongly disagreed that the FedTraveler system has reduced the amount of time it takes to make travel arrangements, while the smallest percentage of respondents (2.4 percent) strongly agreed. When including the responses of only those employees who felt they could properly respond, a majority of employees (55 percent) disagreed that the time required to make travel arrangements has been reduced. The results suggest that most employees believe that the FedTraveler system has not resulted in a reduction in time spent making travel arrangements, contrary to the expected benefits of the ETS initiative.

A total of 139 of 839 respondents commented about this survey question. Many respondents expressed frustration due to the time required to properly navigate through all aspects of the system, because many travelers are now required to enter their travel information into the FedTraveler system themselves, rather than the administrative staff. A sample of comments to the survey the OIG received is provided below:

- “It takes FOREVER. Now I spend hours making travel arrangements when administrative support personnel used to do it -- it has become inordinately more time consuming than it ever was before.”
- “What used to take 5 minutes now often takes days to process. And, even then, the results are inaccurate. In many cases, flights booked through FedTraveler, if not ‘purchased’ within a certain time (with some airlines) or booked too early (with others) are cancelled by the airline without warning. This requires more desperate phone calls to CI Travel to fix.”
- “I’ve spent HOURS making reservations; used to take minutes with a quick internet search and a call to Omega.”
- “We now have to be our own travel agent and clerk in addition to doing our job.”
- “Reduced? This must be the joke question. This system has put the burden on the attorney and taken it away from the administrative staff. (So, maybe it’s reduced the administrative staff’s time, but, it has increased the attorney’s time.)”

- “There are always problems and delays throughout the process.”

Respondents Find the FedTraveler System Is Not User Friendly

An additional goal related to the simplification of the travel process was to provide a user friendly customer-centric system. In GSA’s ETS solicitation, vendors were mandated to provide an integrated, web-based travel management environment that is customer-centric. In several complaints sent to the OIG, Commission staff asserted that the system was not user friendly. Complainants referred to the system as “horrendous” and “confusing,” and further indicated it “lacks flexibility.”

To gather feedback from Commission staff regarding whether FedTraveler is user friendly, we asked respondents whether they agreed with the statement “I have found the FedTraveler system to be user friendly.” The results are included in Table 4 below.

Table 4: Q. 6 – I Have Found the FedTraveler System To Be User Friendly. Number of Responses: 853

Strongly Agree	Agree	Somewhat Agree	Somewhat Disagree	Disagree	Strongly Disagree	Cannot Answer
1.6%	15.7%	25.3%	17.7%	16.5%	19.9%	3.2%

Source: OIG Generated

The largest percentage of respondents (25.3 percent) somewhat agreed that the system is user friendly, while the smallest percentage of respondents (1.6 percent) strongly agreed. However, when including the responses of only those employees who felt they could properly respond, the majority (56 percent) of staff did not believe that the system to be user friendly. The results suggest that most employees find the system is not user friendly, contrary to the stated objective of the ETS initiative.

A total of 194 of 853 respondents commented about this question. Many respondents indicated that the system lacked intuitiveness and they would prefer a system similar to a public travel service website such as “Orbitz.” A sample of their comments is provided below:

- “Only if you use it on a regular basis, and you are knowledgeable in travel, you are geographically inclined, resourceful, know the FTR rules and regs and all the in's and out's and keen and patient will you succeed in using this system.”
- “FedTraveler is one of the most user-unfriendly programs I've ever used.”
- “Unless you are a daily user it is difficult to gain sufficient knowledge of the layout of the website. Clearly lacks an intuitive framework.”
- “It is virtually impossible to understand some of the codes and means by which materials are submitted. The documentation that has to be scanned, faxed and submitted is duplicative and time-consuming.”

- “It is better than it used to be, but there still is no way to know exactly what is in each category, and the navigation ‘system’ is weird, not intuitive, and ends up just being a guessing game to some extent.”
- “It is difficult to book -- and especially to rebook -- travel or to find convenient hotel locations or even sometimes the best air fares. The rules are [incomprehensible] unless well-studied, but, unfortunately, we don't get paid to be FedTraveler agents.”

As a result of the significant number of comments from Commission staff regarding the time required to make travel arrangements in FedTraveler and difficulties using the system, the OIG made recommendations regarding OFM communicating more regularly with Commission staff about FedTraveler issues and solutions and mitigating deficiencies to ease the frustration of Commission staff.

Respondents Report Their Satisfaction Level with the FedTraveler System Has Improved Over the Last Year

The FedTraveler system was fully implemented at the SEC in June 2008, approximately two years before the release of the OIG FedTraveler survey. Some of the complaints the OIG received were made soon after the Commission converted to the electronic travel system. Thus, it is possible that some of the frustration expressed by Commission staff is directly related to the implementation period of the new system, which can be common to a wide variety of software or other system conversions. In a follow-up interview, one complainant expressed the belief that the FedTraveler system had “slightly improved” since the date of their original complaint.

To determine whether satisfaction has improved since the period directly after implementation, we asked staff whether they agreed with the statement, “My satisfaction with the FedTraveler system has significantly improved during the past year.” The results are provided in Table 5 below.

Table 5: Q. 26 – My Satisfaction With the FedTraveler System Has Significantly Improved During the Past Year. Number of Responses: 839

Strongly Agree	Agree	Somewhat Agree	Somewhat Disagree	Disagree	Strongly Disagree	Cannot Answer
3.7%	15.1%	28.0%	9.2%	12.9%	8.6%	22.5%

Source: OIG Generated

The results suggest that satisfaction with FedTraveler is growing, as 46.8 percent of respondents indicated that their satisfaction with the FedTraveler system has at least somewhat improved during the past year, while 30.7 percent of respondents answered their satisfaction has not improved. Using only the results of respondents who felt they could answer properly, a majority (60 percent) reported that their satisfaction level had increased. The results suggest that satisfaction with FedTraveler has increased as

employees become more familiar with the system and receive additional training. It is reasonable to believe that at least some of the frustration regarding FedTraveler was due to the recent implementation and the difficulties encountered when converting from a manual to an electronic system.

A total of 74 of 839 respondents commented on this question. A sample of their comments is provided below:

- “As employees within the SEC have become more familiar with the system, there has been improvement.”
- “I used to hate it. Now I am happier.”
- “Still some glitch [sic] happening here and there but, overall, the system has greatly improved.”
- “I work with [the system] so frequently that I can more accurately anticipate and avoid the issues and pitfalls that newer users may encounter.”
- “The more one uses the system, the easier it gets.”
- “If the survey shows FedTraveler is improving, then starting over with another provider may risk incurring a whole new round of start up problems and inconveniences.”
- “The process certainly seems more seamless than it did when it was first rolled out to the SEC employees.”

Respondents Report a High Level of Satisfaction with FedTraveler Support Services, Including Within the Commission

Another stated goal of the ETS initiative was to improve customer service to the federal traveler. Commission employees rely on three separate groups for support. FedTraveler provides five on-site customer service representatives, and a subcontractor, CI Travel, provides off-site travel management assistance. Within the agency, OFM provides assistance relating to travel authorization approvals, expense report approvals, and other travel policy related questions.

To determine the overall satisfaction level relating to the support received from these three groups, we asked respondents to rate their satisfaction with the separate groups in three different questions. The results are provided below.

Table 6: Q. 22 – Please Rate the Assistance You Received From Contacting FedTraveler CAS Representatives at (202) 551-5990 Regarding Your Questions Or Problems Concerning FedTraveler. Number of Responses: 843

Very Satisfied	Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Dissatisfied	Very Dissatisfied	Cannot Answer
17.0%	20.4%	11.7%	4.6%	2.-5%	1.9%	41.9%

Source: OIG Generated

Table 7: Q. 23 – Please Rate the Assistance You Received From Office of Financial Management Officials, Regarding Your Questions or Problems Concerning FedTraveler. Number of Responses: 840

Very Satisfied	Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Dissatisfied	Very Dissatisfied	Cannot Answer
13.8%	16.0%	11.0%	4.3%	2.7%	2.5%	49.8%

Source: OIG Generated

Table 8: Q. 25 – Please Rate Your Satisfaction With the Service You Received From the Travel Management Center (Currently CI Travel) In Making Or Changing Travel Reservations. Number of Responses: 840

Very Satisfied	Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Dissatisfied	Very Dissatisfied	Cannot Answer
9.2%	25.1%	13.8%	5.5%	3.8%	3.7%	38.9%

Source: OIG Generated

The results suggest that Commission employees are receiving good support relating to FedTraveler. When including the responses of only those employees who felt they could properly respond to the question, FedTraveler customer support representatives received an 85 percent satisfaction rating, members of OFM received an 81 percent satisfaction rating, and CI Travel received a 79 percent satisfaction rating.

Respondents provided a total of 408 comments to questions 22, 23, and 25. A sample of their responses is provided below:

- “The FedTraveler CAS representatives are very helpful. I am grateful that they are so responsive.”
- I cannot say enough great things about Program Specialist, OFM Financial Operations Branch and Program Analyst, OFM Financial Analysis Section.
- Program Specialist, Financial Operations Branch, is very helpful and took extra time in a classroom situation to teach me individually.
- “I missed my flight. I called CI Travel and they quickly and easily changed to the next available flight, and it was a less expensive flight, too! They were very calming under a very stressful situation and handled things very quickly and professionally.”

Respondents Provided Significant Written Feedback to Open-Ended Questions Regarding Needed Improvements to the Operational Aspects of the FedTraveler System

The OIG FedTraveler survey contained eight open-ended questions in which Commission staff were encouraged to provide suggestions to improve different elements of the system. A sample of the questions that were asked and the respondents' answers to the questions are provided in this section.

Question 30 asked respondents to provide suggestions for areas where enhanced internal controls are needed to ensure compliance with the Federal Travel Regulations. A total of 82 respondents commented on this question. A sample of these suggestions is provided below:

- “The manager requiring the travel should be the one approving the travel authorization. Not currently happening.”
- “Linking FTR [regulations] to travel choices in the system as a learning tool. Few if any travelers have the time or inclination to review the regulations. The SEC Travel Policy booklet is a good start.”
- “As stated many times throughout this survey, I feel to better enhance FT and help us ensure compliance with FTR rules, instructions more specific to our agency need to be listed on FT. The SEC policies comply with FTR rules, but many FTR rules state ‘see [your] agency's rules and regulations’. Also, a listing of our agency specific FT practices should be listed, such as when to amend a doc and when to change the expense in the voucher, etc. This is not a FTR rule nor is it a general FedTraveler help topic.”

Question 31 asked respondents to provide suggestions for overall improvement of the system. There were 158 respondents who provided feedback. A sample of their comments is provided below:

- “Would much prefer that payment for air travel and hotel be paid directly by agency, rather than billed to me and then reimbursed.”
- “It would be helpful to be able to upload PDF copies of receipts directly into the system instead of relying on fax machines. Our fax machines are not of high enough quality so I have to send in PDFs anyway.”
- “It seems like we put the resources burden on the traveler along with the financial burden on the traveler. And...we are still probably paying a heck of a lot to support and keep this system up and running. So, all of that should be revisited.”
- “More frequent training sessions for the travelers to help them in preparing their travel requests and expense reports. Annual and extensive training sessions for preparers and alternate preparers so that they are in a better position to assist fellow employees and supervisors with their travel plans.”

- “Hold advanced training for alternative preparers. Take what you've learned, and teach them better how to deal with problems.”

Question 35 allowed respondents to voluntarily provide their contact information if they wished to provide further comments directly to the OIG. There were 55 responses to this question. We selected a sample of these respondents and contacted them via telephone and e-mail. A summary of the feedback obtained is provided below:

- The majority of employee frustration with FedTraveler is due to the inexperience of the large majority of users. Administrative personnel are better suited to work with the FedTraveler system because they have more experience.
- It is difficult to get an expense voucher amended to include any extra fees that are incurred before, during, or after the trip. Extra fees are often paid by the traveler and never reimbursed.
- The system often forces a traveler to fly into an airport less convenient and at more expense than flying into a nearby airport and renting a car.
- It would be helpful to have easy access to a travel manual that outlines how to handle specific travel occurrences and how to avoid common problems that employees encounter.

In addition to the telephone interviews, one Commission employee provided a memorandum documenting various negative experiences encountered with FedTraveler system. The memorandum detailed many issues specifically related to international travel. A summary of this information is provided below:

- Reservations have been cancelled without notice because of a delay in the travel authorization approval process.
- Airline tickets were not properly issued, leaving the traveler stranded at the airport. This required four telephone calls to CI Travel, which resulted in a total of \$130.52 in transaction fees.
- The system did not properly record rental car reservations, which required more telephone calls to CI Travel and the associated transaction fees.
- There have been significant delays of up to six months for foreign travel reimbursement.
- It is believed that there are much less expensive international flight options outside of the FedTraveler system.

Conclusion

While the survey results show that Commission staff are receiving good customer support and are becoming more satisfied with the system, significant areas of concern still need to be addressed. The OIG determined that OFM should establish a working group to independently analyze the survey results, comments, and suggestions made in response to the OIG survey and recommend improvements to the Associate Executive

Director for Financial Management, to help mitigate deficiencies with the system and ease the frustration of Commission employees.

Further, OFM should identify areas where performance metrics should be developed to properly monitor and address areas of concern. For example, Commission staff complained of delays in being credited for cancelled airline tickets, a process which is initiated by CI Travel. We found that CI Travel is not contractually required to process cancelled airline tickets within any specific time period. This is an example of an area where performance monitoring may be necessary.

Additionally, solutions and updates regarding common employee areas of concern should be regularly communicated to Commission staff. Employee frustration may be reduced if SEC administrative bulletins about FedTraveler are periodically issued and updates to SEC Travel Policy are regularly available.

Recommendation 1:

The Office of Financial Management should establish a working group to independently analyze the survey results, comments, and suggestions made in response to the Office of Inspector General survey and make recommended improvements to the Associate Executive Director for Financial Management to help mitigate deficiencies with the system and ease the frustration of Commission employees.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 2:

The Office of Financial Management should develop regular means of communication (i.e., website updates, newsletters or similar media) with Commission staff regarding common FedTraveler issues and solutions regarding booking airline and hotel accommodations, transaction fees, electronic preparation of travel authorizations and expense reports, etc. as well as any changes to existing travel policy.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Finding 2: Excessive FedTraveler Transaction Fees Resulted in High Costs for the Commission

FedTraveler transaction fees are not clearly explained to travelers, can be excessive, and are not properly monitored by Commission contracting authorities.

Overview

According to numerous complaints sent to the OIG, significant confusion exists regarding FedTraveler transaction fees. In an incident data report obtained from FedTraveler representatives, a significant portion of calls made to the on-site FedTraveler customer service representatives were directly related to transaction fee questions and complaints. In addition, a May 2010 FedTraveler performance assessment prepared by the OFM for GSA was critical of fee charges within FedTraveler, stating that “the system does not make clear at all to users what fees are charged and why...this is constantly causing problems for users.”

Many SEC employees expressed confusion and frustration relating to transaction fees, in response to the OIG’s survey. More specifically, in response to an OIG survey question asking whether travelers have encountered any issues with FedTraveler’s administrative charges or fees that they felt were duplicate, erroneous or inaccurate, 265 respondents provided an affirmative response. One respondent commented that “we don’t know what the fees should be, and it’s hard to know where they are on the expense reports.” Another stated, “I believe staff are overcharged. When I have inquired at my local office, I was told SEC was aware of [the] problem and [there is] nothing they could do about it.”

In an attempt to fully understand the FedTraveler system fee structure, we reviewed the SEC task order and the GSA master contract, and consulted extensively with representatives from FedTraveler, OAS, OFM, and GSA. Although we were able to verify the general fee structure of the FedTraveler system, we found that a significant and alarming amount of confusion exists not only among employees, but with members of the Commission staff responsible for contract administration. We also found that there is insufficient monitoring of FedTraveler fees and modifications to the GSA master contract that significantly affects travel costs at the SEC.

Transaction Fee Structure (Option Period 2). Based upon our review, we found that there are three layers of transaction fees associated with FedTraveler. Initially, a traveler is charged a fee when transportation is ticketed in the system.⁴ The most common charge is \$10.03, which is for self-service airfare or rail transportation with or without lodging. A charge of \$7.24 is assessed for reservations of lodging and/or rental

⁴ For hotel/rental car only, the fee is charged on the check-in/pick-up date.

car only. If CI Travel, FedTraveler's off-site travel management center is utilized, the transaction becomes non-self service and a charge of \$32.83 (domestic) or \$35.59 (international) is assessed. A second layer of non-self service charges is assessed if CI Travel is utilized after the initial ticketing, such as for changing a flight. Consequently, the non-self service charge may be assessed each time CI Travel provides assistance, which can result in multiple charges per day. The final charge assessed is a \$10.72 report voucher fee. This fee has generated significant confusion because it is not charged until a traveler's expense report is finalized and approved by OFM for payout. Depending on the lapse in time between a traveler filing an expense report and obtaining approval, there may be a significant period of time between the travel date and the assessment of this fee. Travelers have reported confusion related to this fee because it suddenly appears on their individually billed credit cards, and many travelers have expressed concern they are not being reimbursed for this fee. However, this fee is automatically populated into all expense reports, so travelers are reimbursed for this amount at the same time that it is charged to their credit card.

We found that the FedTraveler system does not contain a proper explanation of these transaction fees. There is a brief explanation of the fee structure on the FedTraveler website's Frequently Asked Questions (FAQ) section;⁵ however the language is unclear, containing mostly technical terms. Matching fees to the proper travel occurrences for individual reconciliation is also extremely difficult, especially for frequent travelers who generate many transaction fees during the same time period.

Excessive Fees. During our review of the transaction fees, we generated a sample of 63 travel itineraries to examine the amount, timing, and frequency of transaction fee charges. We found that travelers were often charged several non-self service fees for a single trip. As a result, fees for some trips totaled more than \$100, including one trip where fees totaled \$109.21 and another trip where fees totaled \$100.13. In addition, there were three instances where trips resulted in total transaction fees of \$76.38, and one instance where a traveler was charged \$86.41. We also found situations where transaction fees represented a large percentage of the overall cost of a trip. For example, a traveler was charged \$43.55 in transaction fees for a trip that cost \$124.75, resulting in a 35 percent increase in cost. In a separate example, transaction fees represented over 12 percent of the total cost of trip when a total of \$70.54 was charged for a trip that cost \$566.70. For local travel reimbursement, the ratio of fees to total cost was even higher. For example, a traveler was charged \$5.23 to recover a \$9 taxi fare, which represented a 58 percent charge.

In the period from October 1, 2009 to April 30, 2010, a total of \$187,939.52 in transaction fees was charged by FedTraveler for non-local travel, resulting in an average cost of over \$36 per traveler. This high average is due primarily to charges CI Travel assessed travelers for assistance in what it calls "non-self service" transactions. We asked FedTraveler representatives to clarify when fees for non-self service

⁵ See <http://www.fedtraveler.com>, "FAQs and Support", Question 14: When are service fees charged? Also, see related question: How do I know what transaction fees will be charged?

transactions from CI Travel were appropriate, and they stated that the fee should only be assessed when a traveler calls for assistance with ticketing, or when a ticket must be reissued. However, Commission staff complained of frequent charges for non-self service transaction fees from CI Travel that were not related to ticketing.

To determine if CI Travel charges were directly related to ticketing issues, we generated a sample of non-self service fees and asked FedTraveler to review CI Travel's call logs and provide the justification for each charge.⁶ We found that contrary to the representations made by FedTraveler, it appeared that every time CI Travel was contacted, regardless of the issue, a non-self service fee would be generated, often amounting to several charges in one day. For example, we found charges relating not only to airline ticketing changes, but also for when hotel reservations were changed, when a traveler had an issue with the processing of an individually billed credit card, and for airline seat changes. We also found that anytime an Amtrak ticket was purchased, SEC travelers were required to call CI Travel and thus incurred a non-self service fee. This was also required anytime mixed mode travel was booked, meaning one portion of a trip was by air, and another was by rail.

We consulted with the GSA Contracting Officer (CO) to obtain further clarification regarding non-self service fees and provided examples of when these types of fees are being assessed. The GSA CO provided the OIG a response indicating that the fees were appropriate and properly charged by CI Travel. Despite GSA's response, we found that the limitless ability of CI Traveler to charge non-self service fees related to the FedTraveler system is contrary to the information obtained from FedTraveler representatives during our review. This method is also contrary to the manner in which non-self service transaction fees were charged by Omega Travel, the former system utilized by the SEC. Under Omega, non-self service fees were limited only to instances when a traveler was assisted during the ticketing process or when a ticket was reissued.

We believe the SEC should further explore whether the frequent non-self service charges are proper under the FedTraveler GSA Master Contract and the SEC task order since these fees account for a significant part of the Commission's travel costs. Additionally, travelers are not informed of these charges and are often surprised to find several charges listed on their individually billed government travel card. Further, some travelers stated in response to the OIG's survey that they are paying for some fees out of their own pocket. In conclusion, without proper monitoring of these non-self service fees, it is impossible to fully capture the full costs of the FedTraveler system that are passed on to the SEC.

Contract Oversight. We also found that the fee amounts being charged by FedTraveler for trips in our sample were not in accordance with the fee schedule contained in the FedTraveler task order signed by the SEC on March 31, 2005.

⁶ The non-self service fees examined pertained to 26 trips.

The SEC's task order SECHQ1-05-F-0062 provided for slight pricing changes in three separate option periods. The contract is currently in option period two (in conjunction with the GSA master contract periods of performance). The option was exercised by the SEC and went into effect on November 12, 2008, and is scheduled to expire on November 11, 2010. The task order consisted of transaction fee prices in the amount of \$8.18 for self service air or rail transportation, and \$30.98 (domestic) and \$33.74 (international) for non-self service transaction fees, for option period 2. We found that FedTraveler charged \$10.03, \$32.83, and \$35.59 for the same services during this period. Upon examination of OAS' contract files; there was no evidence of any task order modifications relating to these fees.

We consulted with the SEC CO and were informed that the SEC's task order should be binding. The CO stated that she had not been granted access to the GSA master contract, but that task orders supersede GSA master contracts for pricing details. The CO also stated that she had not been notified or provided any modifications of the GSA master contract relating to the fees in question.

We also consulted with the SEC Contracting Officer's Technical Representative (COTR) for FedTraveler. The COTR disputed the CO's position that the task order took precedence over the GSA master contract price and stated that the GSA master contract controlled pricing, and that several modifications had been made by GSA and FedTraveler, resulting in higher transaction fees. The COTR explained that she would have to physically go to GSA to be able to view the master contract files, but that she had obtained copies of the modifications relating to fee increases.

As a result of the conflicting opinions from the CO and COTR, the OIG requested a formal opinion from OAS concerning the FedTraveler transaction fees. Without consulting with the Office of General Counsel (OGC), OAS issued an opinion in an e-mail on July 7, 2010, stating that the task order should take precedence regarding transaction fee pricing, and the CO directed the COTR to begin calculating the possible amount of overpayment to FedTraveler. The opinion stated that a master contract only establishes the parameters of the requirements to be purchased, but task orders establish the specifics and bind agencies and contractors to the details agreed upon in the task order.

OAS' opinion referenced a GSA document called the "E-Travel Service Ordering Guide." We reviewed this document and in one section found that the document actually contained language contrary to the opinion the OAS CO provided to the OIG. The referenced cite clearly stated that price increases or decreases at the master contract level will be automatically applied to agency specific task orders, regardless of agency approval. Consequently, this indicates that the master contract prices take precedence over the task order.

We also obtained access to the GSA master contract through a GSA electronic library and found that the master contract contained similar language as the GSA Ordering

Guide; however, the language specified that only “price decreases” are automatically applied to agencies. The master contract also indicated that the transaction fees in question were not allowed to be negotiated at the task order level. In an e-mail on July 9, 2010, the CO reversed her initial opinion and stated that this contract structure is not typical, and that due to this language, a fee schedule should not have been included in the original task order that was signed in 2005.

Therefore, based on the OIG’s review of the GSA Ordering Guide and the master contract, we determined that the master contract would likely take precedence over the task order. However, because this issue was never referred to the OGC, we believe it would be prudent for the OFM, in conjunction with OAS, to obtain OGC’s opinion regarding the relationship between the master contract and task order, and whether fees are being charged in the proper amounts and frequency.

Conclusion

The SEC’s confusion over the FedTraveler fees structure raises significant concerns about the monitoring of the FedTraveler contract. Neither the CO nor the COTR had electronic access to the master contract, seriously reducing their ability to effectively administer this contract.

In addition, serious questions exist concerning the frequency and amount of FedTraveler transaction fees. This information has a direct effect on the SEC’s travel costs and is necessary to fully capture all costs associated with the FedTraveler system in order to maintain proper budgetary planning and cost comparisons when future option periods or other travel contracts are being considered.

Recommendation 3:

The Office of Financial Management should consult with FedTraveler and CI Travel to publish a guide for employees that clearly explains the transaction fee structure, including the amount, timing and frequency of fee charges.

Management Comments. OFM concurred with the recommendation. See Appendix V for management’s full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 4:

The Office of Financial Management should educate Commission staff on alternatives to contacting CI Travel to minimize non-self service transaction fees that result in high transaction costs for the Commission.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 5:

The Office of Financial Management (OFM) should work with FedTraveler to require that travelers are notified when non-self service transaction fees are charged by CI Travel, including providing a justification for the charge and information regarding the travel itinerary to which the charge relates. Alternatively, OFM should consider centrally billing all transaction fees to remove the burden of reconciliation from Commission staff.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 6:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a financial system change to capture transaction fee costs in a distinct Budget Object Class (BOC) code, which will provide greater transparency for travelers on expense reports and potentially provide useful cost information for budget planning purposes.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 7:

The Office of Administrative Services should request a legal opinion from the Office of General Counsel regarding the amount and frequency of fees charged by FedTraveler to ensure that the charges are appropriate and in accordance with the General Service Administration's Master Contract and the Commission's task order.

Management Comments. OAS concurred with the recommendation. See Appendix V for management's full comment.

OIG Analysis. We are pleased that OAS concurred with this recommendation.

Recommendation 8:

The Office of Administrative Services (OAS) should request access from the General Services Administration (GSA) to the master contract via GSA's digital contract library and also provide access to the Contract Officer Technical Representative to assist in contract monitoring. OAS should also take appropriate measures to ensure that it is being properly notified by GSA of all changes to the master contract.

Management Comments. OAS concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OAS concurred with this recommendation.

Finding 3: Opportunities Exist for Cost Savings Related to Transportation Expenses

The SEC can reduce transportation expenses by encouraging travelers to book early and allowing travelers, when practical, to utilize a non-contract fare within the provisions of the FTR.

For Fiscal Year 2009, the SEC spent approximately \$3.4 million for transportation expenses, including airfare. The FTR, which governs federal employee travel, requires travelers, with certain exceptions, to use a GSA contract fare for air travel.⁷ According to FedTraveler representatives, the airline transportation choices available through FedTraveler's online booking engine are based on the GSA Airline City-Pair Program. Under this program, GSA awards competitive contracts for air transportation services between specified destinations, called city-pairs, based on the best overall value to the government. For many city-pairs, two contract fares are available. A highly discounted unrestricted fare (YCA), and a capacity controlled fare (_CA) which has an even deeper discount. The _CA fares have a limited number of seats, but no other restrictions. Also, the _CA seat availability on particular flights varies carrier-by-carrier and market-by-market.

The _CA airfares allow an agency to save the most money possible, while still enjoying the same service available with the YCA fares. The price differential between the YCA and _CA fares varies market by market, but can be significant. For example, the _CA fare from Ronald Reagan National Airport to Fort. Lauderdale, Florida is \$149 (one way), while the YCA fare is \$329 (one way), more than double. Use of the _CA fares is encouraged by the FTR (Note 3 to FTR § 301-10.107).

⁷ FTR § 301-10.106

The benefits of contract fares include:

- Fare price on one-way routes permitting agencies to plan multiple destinations;
- No advance purchase required;
- No minimum or maximum length stay required;
- Fully refundable tickets;
- Last seat availability; and
- No blackout periods

To maximize possible savings for the SEC, OFM should encourage travelers to book their flights early and consider the following: If travel plans are uncertain (e.g., last-minute ticket changes are likely), compare the differential between the YCA and _CA fares with the cost of any transaction fee to make ticketing changes. If the differential is small, it may be more cost effective to book an YCA fare from the start. If the differential is large, it may be more beneficial to book a _CA fare and make changes, if necessary.

In addition, OFM should educate travelers on the best ways to identify and select airline transportation to ensure maximum savings for the Commission. We found that in response to an OIG FedTraveler survey question asking whether FedTraveler has lowered travel costs for the SEC, several travelers commented that they can find cheaper fares on non-contract flights on the web, or by using alternative airlines. One traveler commented that "...airline flights are extremely high because we can go through only certain carriers. For example, I was given a quote for a flight of \$1,300 when I could have booked it online for less than \$300." Another traveler wrote that "my initial trip to Miami was 1200 [round-trip] - after I questioned –it was 500ish."

Additionally, through discussions with OFM and a review of traveler comments, we found that FedTraveler does not always list all available contract fares. One traveler commented, "I have found lower government airfares and called FedTraveler to get them after being reserved at a fare that was obviously too high." Another traveler stated that "there have been contract flights that do not appear in FedTraveler that I have found conducting outside searches." OFM informed us that due to this issue they often utilize the website <http://www.fedtravel.com> to make sure no contract flights are available prior to approving travelers' request for non-contract flights.

We also compared the GSA city-pair fares with fares available on Orbitz for round-trip flights between Washington, D.C., and Los Angeles, Miami, and Chicago, and found that non-restricted fares on Orbitz were less than the GSA city-pair fares, while refundable rates on Orbitz were higher than the lowest GSA contract flight available, but lower than many of the higher contract fares available, as shown below in Table 9:

Table 9: Comparison of Orbitz Fares to GSA Contract Fares

Round-Trip Airfare	Orbitz (Non-Refundable)	Orbitz (Refundable)	GSA Contract Flight (Refundable)
Washington D.C. area to Los Angeles	\$279	\$921	\$280-\$1,334*
Washington D.C. area to Miami	\$204	\$641 (BWI only)	\$312-\$1,056*
Washington D.C. area to Chicago	\$177	\$471	\$190-\$990*

* Range is based on alternative airports in the LA, Miami, and Chicago area.

Source: OIG Generated

We found that while the FTR generally requires travelers to use a GSA contract fare for air travel, an agency may authorize the use of a fare other than a contract city-pair in certain circumstances, including when: (1) space on a scheduled contract flight is not available in time to accomplish the purpose of the travel; (2) use of contract service would require the traveler to incur unnecessary overnight lodging that would increase the total cost of the trip; or (3) if a non-contract carrier offers a lower fare to the general public that, if used, will result in a lower total trip cost to the government (the combined costs of transportation, lodging, meals, and related expense considered).⁸

FTR § 301-10.108 states that before purchasing a non-contract fare a traveler must show approval on his or her travel authorization to use a non-contract fare. Additionally, if the non-contract fare is non-refundable, restricted, or has specific eligibility requirements, the traveler must know or reasonably anticipate, based on their planned trip, that they will use the ticket, and the agency must determine that the proposed non-contract transportation is practical and cost effective for the government.

Had SEC travelers been aware of these exceptions, they may have been able to utilize lower fares that they identified in their comments to the OIG survey as being unavailable to them. Accordingly, OFM should inform staff about the available exceptions to using contract fares and under what conditions they can use non-contract rates to save on transportation travel costs. OFM should also provide staff with tips on reliable outside sources for confirming that no contract flights exist outside of FedTraveler prior to requesting a non-contract flight.

Recommendation 9:

The Office of Financial Management should issue guidance to travelers regarding available exceptions to using the contract fare and tips on reliable outside sources for confirming that no contract flights exist prior to requesting a non-contract flight.

Management Comments. OFM concurred with the recommendation. See Appendix V for management’s full comments.

⁸ FTR § 301-10.107

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Finding 4: Requests for Actual Expenses for Lodging Should Be More Closely Scrutinized

Although FedTraveler has sufficient controls to prohibit travelers from exceeding the applicable per diem rate for a specified location, travelers are not always providing clear and complete justifications for actual expenses for lodging in accordance with the FTR and SEC Travel Policy.

FTR § 301-11.300 permits travelers to be paid actual expenses when:

- (a) Lodging and/or meals are procured at a prearranged place such as a hotel where a meeting, conference or training session is held;
- (b) Costs have escalated because of special events (e.g., missile launching periods, sporting events, World's Fair, conventions, natural disasters), lodging and meal expenses within prescribed allowances cannot be obtained nearby; and costs to commute to/from the nearby location consume most or all of the savings achieved from occupying less expensive lodging;
- (c) Because of mission requirements; or
- (d) Any other reason approved within your agency.

FTR § 301-50.8(b)(2) states that when travelers are selecting lodging, the first consideration must be given to the lodging facilities under FedRooms. FedRooms is a GSA program that provides FTR compliant hotel rooms for federal government travelers while on official business. FedRooms rates may be at or below per diem rates and the hotels are fire safe/FEMA certified. Not all hotels that provide a government rate are included in the FedRooms program, and not all hotels that provide a government rate are FEMA certified.

In accordance with the SEC's Travel Policy, travelers must request actual expenses for lodging in advance of travel, include a justification on their travel authorization, and have it approved by OFM prior to departing for their trip. The SEC Travel Policy further states, "*For example*. If the hotel exceeds the maximum lodging rate, it is your responsibility to call at least three other hotels prior to requesting actual expense for lodging."

We found that FedTraveler has sufficient controls to prohibit travelers from exceeding the applicable per diem rate for a specified location. The FedTraveler system automatically populates a traveler's travel authorization with the per diem rate for the destination city, unless the traveler selects one of the exceptions from the per diem pull down menu, such as "actual necessary 150 percent" or "actual necessary 300 percent." If either of these selections are made, the traveler is permitted in the travel reservations page to uncheck the standard nightly lodging rate and enter the actual lodging rate. The maximum lodging rate on the reservations page is then recalculated at either 150 percent or 300 percent, depending on the selection made. Once the traveler clicks on "complete authorization," the traveler will be presented with a blank justification screen associated with the actual increase in the hotel per diem rate. This screen requires the traveler to enter a written justification for claiming actual necessary expenses for lodging. The traveler then clicks on "complete authorization," and the travel authorization is electronically routed to OFM as the first level of approval in the approval chain, prior to being routed to an approving official (typically the traveler's supervisor).

We also found, however, that many of the justifications provided by travelers were vague and did not comply with the FTR and SEC Travel Policy. We obtained and analyzed Fiscal Year 2010 FedTraveler trip data (as of April 30, 2010) where travelers requested and were approved to incur actual expenses for lodging to determine whether sufficient justifications were provided by travelers in accordance with applicable requirements. We found that many of the travelers' justifications were vague and did not cite the specific exception in the FTR allowing the traveler to claim actual expenses. Additionally, there was no documentation to show that travelers were complying with the SEC Travel Policy to call at least three other hotels prior to requesting actual expense for lodging. For example, we found the following justifications for some trips: "hotel is above per diem," "had to choose because the hotel was \$45 more than per diem," "had to bump up the per diem," and "to cover any unforeseen hotel costs."

We also conducted a detailed review of five judgmentally selected trips where travelers provided vague justifications for claiming actual expenses for lodging to determine OFM's rationale for approval. We found that OFM, after conducting its own research on available lodging through FedTraveler and websites such as <http://www.fedtravel.com>, added remarks to the travel authorizations citing the applicable section of the FTR permitting the exception. These remarks served to supplement the vague justifications provided by travelers. Additionally, we noted that travel authorizations do not contain sufficient information to enable OFM and approving officials to enforce the SEC Travel Policy requirement that a traveler call at least three other hotels prior to requesting actual expense for lodging in situations where lodging is not prearranged. Further, because there is no requirement that travelers book their lodging accommodations at the time they complete their travel authorization in FedTraveler, travelers could intentionally wait to book their lodging accommodations and then claim actual expenses, causing the Commission to incur unnecessary expenses for travel.

As a result, OFM should remind travelers and approving officials that lodging accommodations should be booked as soon as possible to minimize costs to the Commission and refer to the OIG any travelers who they believe are potentially abusing the system by routinely requesting actual lodging expenses in order to stay at particular hotels. OFM should also mandate that travelers provide sufficient justifications on their travel authorizations in accordance with the FTR and SEC Travel Policy and that they include the applicable section of the FTR in their justifications. OFM should also determine how the requirement to call three hotels can be enforced or OFM should provide travelers and approving officials with alternative guidance on what they should do to locate FTR-compliant lodging and provide directions on how their efforts should be documented. OFM should also require approving officials to review and approve requests for actual expenses for lodging prior to such requests being routed to OFM. This will help ensure that travelers have exercised due diligence in their efforts to identify appropriate lodging and place the responsibility on the approving officials to ensure that justifications are appropriate prior to the travel authorization being routed to OFM.

Recommendation 10:

The Office of Financial Management should remind travelers of the exceptions in the Federal Travel Regulation for claiming actual necessary expenses and require that travelers provide clear justifications in their travel authorizations when claiming actual necessary expenses, including the applicable Federal Travel Regulation exception.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 11:

The Office of Financial Management should determine how the requirement in the SEC Travel Policy that travelers call three hotels prior to requesting actual necessary expenses can be enforced or provide travelers and approving officials with alternative guidance on what they should do to locate Federal Travel Regulation compliant lodging and how their efforts should be documented.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 12:

The Office of Financial Management should require approving officials to review and approve requests for actual expenses for lodging prior to such requests being routed to the Office of Financial Management. This will help ensure that travelers have exercised due diligence in their efforts to identify appropriate lodging and place responsibility on the approving officials to ensure that justifications are appropriate.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Finding 5: Increased Controls are Needed in FedTraveler for POV Travel

FedTraveler does not require travelers to provide a written justification, or to obtain approval from OFM when a non-common carrier is used as the primary mode of transportation.

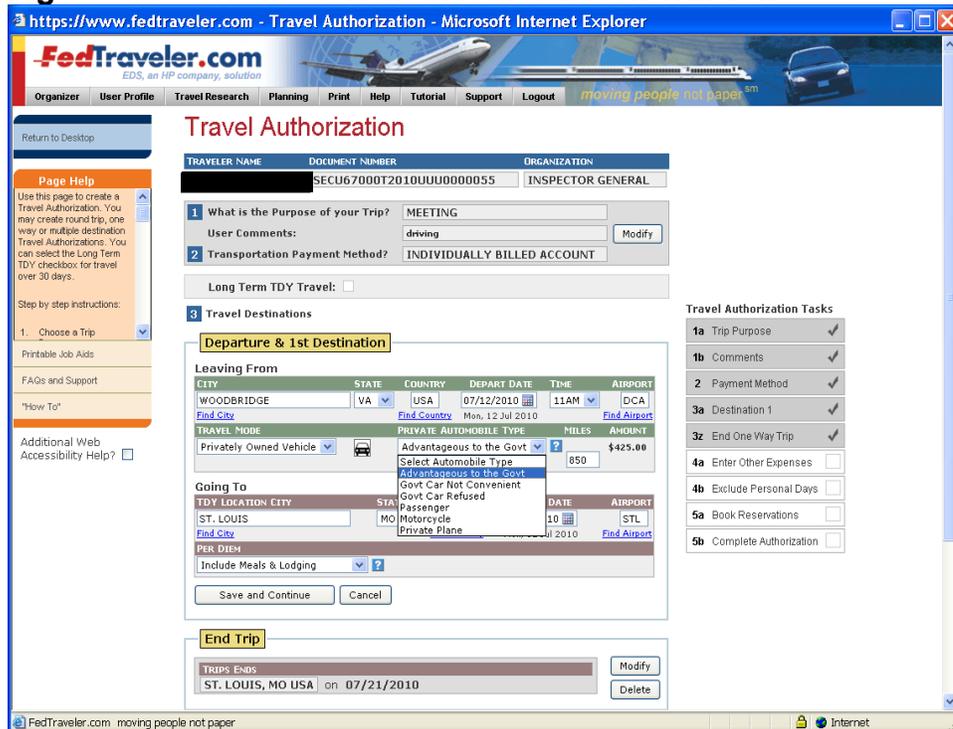
FTR § 301-10.4 requires travelers to travel by the method most advantageous to the government, when cost and other factors are considered. Under 5 U.S.C. § 5733, travel must be by the most expeditious means of transportation practicable and commensurate with the nature and purpose of the traveler's duties. FTR § 301-10.5 states that travel by common carrier is presumed to be the most advantageous method of transportation and must be used when reasonably available. FTR § 301-10.6 further states that if a traveler does not travel by the method of transportation required by regulation or selected by the traveler's agency, the additional expense is borne by the traveler.

Based on a complaint OIG received, we found one traveler who received approval from his approving official to travel round-trip (approximately 1,280 miles) from Atlanta to Washington, D.C., using his privately owned vehicle (POV) as his primary mode of transportation. As a result, the traveler claimed \$824 for mileage, while the cost for using a common carrier (i.e., contract flight) could have been as low as \$198, which would have saved the Commission over \$626.

Based on a review of the audit controls in FedTraveler, we found that a traveler that elects to use a POV as the primary mode of transportation is required to select "POV" as the travel mode on the travel authorization drop down menu. The traveler must then select an automobile type (i.e., advantageous to the government, government car not convenient, government car refused, passenger, motorcycle, or private plane) from another drop down menu as illustrated in Figure 1. However, when a traveler selects

“advantageous to the government,” FedTraveler does not prompt the traveler to enter a written justification demonstrating how POV travel is most advantageous to the government, over the common carrier transportation. Additionally, based on our review of the travel authorization for the aforementioned POV trip from Atlanta to Washington, D.C., the information pertaining to automobile type (e.g., most advantageous to the government) is not visible to the approving official. Therefore, approving officials are not provided sufficient information to ensure compliance with the FTR. Further, travel authorizations for travelers that use POVs as their primary mode of transportation are not routed through OFM, regardless of the dollar costs. We found that the Commission spent approximately \$678,000 for POV mileage in Fiscal Year 2009.

Figure 1: FedTraveler Travel Authorization Window



Source: FedTraveler.com

OFM should work with FedTraveler to implement additional system controls to ensure that travelers provide adequate justifications for POV travel in accordance with the FTR and ensure this information is viewable within FedTraveler to approving officials. In addition, OFM should consider requiring its office review all travel authorizations where POV travel is in exceeds a certain dollar value or mileage threshold.

Recommendation 13:

The Office of Financial Management (OFM), in consultation with the Office of Administrative Services, as applicable, should work with FedTraveler to implement additional system controls to ensure that travel by privately owned

vehicles is in accordance with the Federal Travel Regulation, including routing such travel through OFM.

Management Comments. OAS and OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OAS and OFM concurred with this recommendation.

Finding 6: Expense Report Processing Can Be Improved

While the majority of travelers are satisfied with the processing of expense reports in FedTraveler, a noteworthy number of travelers are not receiving reimbursement within 30 calendar days after their expense reports have been properly submitted and approved. As a result, travelers are sometimes paying for travel expenses out of their own pocket.

FTR § 301-52.7 states that travelers must submit their travel claims within 5 working days after they complete their trip or period of travel, or every 30 days if a traveler is in a continuous travel status. FTR § 301-52.17 states that an agency must reimburse a traveler within 30 calendar days after the traveler submits a proper travel claim to the agency's designated approving office. The agency must also ensure that it uses a satisfactory recordkeeping system to track submission of travel claims. FTR § 301-52.18 states that an agency must notify a traveler as soon as practicable after the submission of a travel claim of any error that would prevent it from making the payment within 30 calendar days after receiving the submission and also provide the reason why the travel claim is not proper.

Results from the OIG FedTraveler survey show that 89 percent of respondents (721 employees) believe they are receiving reimbursements for travel expenses within 30 calendar days after their expense reports have been properly submitted and approved. However, a noteworthy number of respondents 10.8 percent (87 employees) stated they are not receiving reimbursements within the required 30 day time period, causing some people to have to pay for travel expenses out of their own pocket.

Based on available data from OFM and review of travelers' comments to the OIG survey, we found that the primary reasons for reimbursement delays include:

- (1) Travelers not submitting expense reports in a timely manner;
 - (2) Approvers not approving their employees' expense reports in a timely manner;
- and

- (3) Holding and/or rejection of expense reports by OFM because they are incomplete (e.g., missing receipts) or do not match the travel authorizations (e.g., an expense report prepared by a traveler does not match the dates of authorized travel on the travel authorization).

We also found that the receipt imaging function within FedTraveler does not always operate properly and OFM many times cannot view travelers' faxed receipts. Consequently, there are delays in processing expense reports, potentially causing travelers to pay for travel out of their own pocket. Also, OFM spends a considerable amount of resources researching and working with travelers to correct problems with incomplete or mismatched expense reports, including frequently having to ask travelers to amend their expense reports and original travel authorizations.

In addition, we found that although the SEC is required by the FTR to have a satisfactory recordkeeping system to track expense report processing, OFM primarily relies upon manual processes due to FedTraveler's reporting limitations. For example, OFM is not able to run a report from FedTraveler that shows when travel claims were received by OFM for approval and the number of days they have been outstanding (i.e., an aging report) in order to give priority to those claims that were received first in time or have been outstanding for a long period of time. OFM only receives an e-mail notifying it that a document is awaiting OFM's approval. Additionally, OFM staff can only view through their FedTraveler desktop a list of expense reports awaiting approval and the dates of travel, but cannot readily see the date the expense report was received by OFM. They also cannot sort the expense reports according to the data received. As a result, they have implemented manual procedures to track the processing of expense reports.

OFM also does not have the capability within FedTraveler to run a report showing when travelers have not submitted expense reports within the 5 or 30 day time period required by the FTR, or when travelers have completed their expense reports but there are delays in approval by their supervisors. As a result, OFM is not able to identify delays with submission of expense reports and has to rely on data from the accounting system, Momentum, to conduct a quarterly reconciliation of open travel obligations to ensure travelers submit their expense reports and funds are de-obligated in the SEC's accounting system in a timely manner. An OFM official stated that FedTraveler had been notified of the issue, but OFM still does not have the reporting capability it needs.

Based on a walkthrough and analysis of current available data from OFM, we determined that its current backlog for processing expense reports was about four calendar days. As of July 13, 2010, OFM was conducting initial reviews of expense reports it had received by July 9, 2010.

To help ensure that travelers receive timely reimbursement for travel expenses and help mitigate issues with expense reporting processing, OFM should request that FedTraveler provide the necessary reporting capabilities to enhance expense report

processing. OFM should also provide Commission staff with information on best practices to avoid common mistakes that result in rejected expense reports. Further, OFM should determine the feasibility and cost effectiveness of implementing a split disbursement method for payment of travel expenses. Split disbursement is a function in which a payment is made to a traveler's government travel card on behalf of the traveler and any remaining balance is reimbursed to the traveler.

Recommendation 14:

The Office of Financial Management, in consultation with the Office of Administrative Services, as applicable, should request that FedTraveler institute a system control that notifies travelers when their expense reports have not been submitted within the time period permitted by the Federal Travel Regulation and SEC Travel Policy.

Management Comments. OAS and OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OAS and OFM concurred with this recommendation.

Recommendation 15:

The Office of Financial Management (OFM), in consultation with the Office of Information Technology and Office of Administrative Services, as applicable, should request that FedTraveler provide the needed reporting capability to enable OFM to effectively monitor the receipt and processing of expense reports in accordance with the Federal Travel Regulation.

Management Comments. OAS concurred and OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OAS and OFM concurred with this recommendation.

Recommendation 16:

The Office of Financial Management should publish on its travel website best practices with regard to preparation of expense reports so travelers can avoid the most common mistakes that result in returned expense reports in FedTraveler.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 17:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a split disbursement method for payment of travel expenses.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Finding 7: Limited FedTraveler Reporting Capabilities Affect OFM's Ability to Manage Travel

While one of the primary reasons the SEC chose FedTraveler as its ETS was for its ad-hoc reporting capabilities, FedTraveler is not providing OFM the reporting capabilities that it needs to successfully perform its travel responsibilities.

HP Enterprise Services, LLC's March 7, 2005 proposal provided in response to the SEC's request for quotations for ETS services stated, "Through the use of FedTraveler.com's Reporting Module, authorized SEC users will be able to access and retrieve data resident in FedTraveler.com's Oracle database as well as generate standard and ad hoc reports to answer virtually any travel or financial query."

In March 2005, OFM put together a technical panel to evaluate bids submitted by the three available ETS vendors and cited EDS' promised reporting capability as a key factor in its rationale for choosing EDS as its ETS provider. OFM stated that "reporting is an important SEC requirement and the current travel system does not adequately meet SEC's needs. EDS demonstrated the ability to provide information that SEC currently lacks in its travel reporting." OFM also stated that SEC travel will benefit from the extensive ad-hoc reporting, which is critical for managing travel budgets.

Based on discussions with OFM and our own experience in trying to obtain travel data to perform this review, we have concluded that FedTraveler does not provide the ad-hoc reporting capability it promised. FedTraveler provides standard reports (based on data from its travel authorization and vouchering system and online booking engine) and allows a user to manipulate the data by selecting certain data fields and performing limited sorting and filtering of the data. However, the reporting module does not allow for true ad-hoc reporting outside of minor customization of the standard available reports (e.g., completed expense reports by approval date, approved travel plans by approval date, etc.). Additionally, many times the standard reports are not accessible (i.e., they time out or the system crashes). In response to a May 2010 survey from GSA asking the SEC to provide feedback on key performance indicators for FedTraveler,

OFM rated FedTraveler's management reporting capability as a 1 (lowest) out of 10 (highest).⁹ The SEC also remarked that the reporting capabilities are extremely poor, not user friendly, and not accurate.

Based on discussions with a FedTraveler representative, FedTraveler's position is that other than the standard reports currently available, requests for ad-hoc reports for the SEC would be handled on a case-by-case basis and, if they are labor intensive, FedTraveler has the option to assess a bill. The FedTraveler representative also acknowledged that going forward FedTraveler is working to enhance its reporting capabilities.

In addition to the reporting capabilities needed to ensure OFM is complying with the FTR with regard to expense report processing, OFM has identified the following ad-hoc reports that it needs the capability to run periodically to successfully perform its travel responsibilities.

- Premium Travel Report - A report to show first and business class air travel by traveler, date, etc.
- User ID Report - A report to show the user IDs assigned by FedTraveler to SEC users (e.g., secsmithj).
- User Activation Report - A report to show who has and has not activated their FedTraveler accounts.
- User Data Report - A report to show if travelers have completed their profiles in FedTraveler (e.g., filled in their date of birth to facilitate purchasing of airline tickets).
- Travel Report by Traveler - A report that allows OFM to compile a list of trips by date for a specific traveler.
- Travel Report by Location - A report that allows OFM to compile a list of travelers who have traveled to a specific location.
- Reject Report - A report that shows all documents that have been rejected in the FedTraveler system and why.

OFM should request that FedTraveler provide the capability to produce the aforementioned reports on a periodic basis and determine the associated costs, if any.

Recommendation 18:

The Office of Financial Management (OFM), in consultation with the Office of Information Technology and Office of Administrative Services, should identify and request from FedTraveler ad-hoc reporting capabilities that are needed to successfully perform OFM's travel responsibilities and analyze the cost effectiveness of implementing such changes.

⁹ "HP/FedTraveler Performance Assessment", dated May 2010, obtained from the General Services Administration.

Management Actions. OAS and OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OAS and OFM concurred with this recommendation.

Finding 8: OFM Should Examine Ways to Reduce FedTraveler On-Site Customer Support Costs

One of the largest expenditures in implementing and maintaining the FedTraveler travel system is for customer support. As a result, OFM should closely examine this area to identify potential cost savings going forward.

Based on a review of the SEC's task order with HP Enterprise Services, LLC dated March 31, 2005, and related contract modifications as of April 6, 2010, the total FedTraveler contract is valued at approximately \$3.2 million (excluding transaction fees). Of this amount, approximately \$127,000 is for implementation services and the remaining \$3.073 million is primarily for customer support (CAS representatives), training and travel. The SEC currently maintains five CAS representatives on-site to provide FedTraveler assistance at a current rate per CAS representative of \$97.01 per hour, a total potential annual cost to the SEC of over \$1 million. This amount excludes costs (transaction fees) associated with assistance provided by CI Travel, which are billed to the travelers directly or to the SEC's centrally billed account. Based on discussions with OFM, the SEC had originally contracted for two CAS representatives, but due to the number of issues that travelers were having with FedTraveler, the SEC increased funding for customer service support. Additionally, an OFM representative stated that one of the CAS representatives now assists OFM with reconciliation of the SEC's centrally billed account.

We found that although OFM receives a monthly call log to show how many calls are received and the type of assistance CAS representatives are providing to travelers, OFM has not established any agency-specific performance metrics or standards to monitor CAS representative performance and/or determine if the SEC has an adequate number of CAS representative. Additionally, it may be inappropriate to allocate Commission funds to have a CAS representative performing reconciliation of the SEC's centrally billed account since GSA's ETS solicitation stated that "the ETS should provide for matching of centrally issued passenger tickets with the appropriate travel authorizations and/or vouchers." Consequently, the SEC may be charged twice for these services. On a positive note, the OIG's survey found that travelers are generally satisfied with the customer service provided by the CAS representatives.

OFM should examine the nature and level of the activities of the current CAS representatives (i.e., average number of calls per CAS representative, etc.) to

determine if the number of CAS representatives could be reduced, while still maintaining an acceptable level of customer service. OFM should also establish some agency-specific performance measures or other means by which it can monitor the timeliness and quality of the service provided by the CAS representatives.

Recommendation 19:

The Office of Financial Management should examine the activity level of the current customer service representative to determine if the current number of representatives is appropriate.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Recommendation 20:

The Office of Financial Management should establish agency-specific performance measures or other means to monitor the service provided by the customer service representatives.

Management Comments. OFM concurred with the recommendation. See Appendix V for management's full comments.

OIG Analysis. We are pleased that OFM concurred with this recommendation.

Acronyms

BOC	Budget Object Class
_CA	Capacity Controlled Fare
CAS	FedTraveler Customer Service Representative
CO	Contracting Officer
COTR	Contracting Officer Technical Representative
E-Gov	E-Government
EDS	Electronic Data Systems
ETS	Electronic Travel Service
FEMA	Federal Emergency Management Agency
FTR	Federal Travel Regulation
GSA	General Services Administration
IDIQ	Indefinite Delivery Indefinite Quantity
OAS	Office of Administrative Services
OFM	Office of Financial Management
OGC	Office of General Counsel
OIG	Office of Inspector General
POV	Privately Owned Vehicle
SEC or Commission	U.S. Securities and Exchange Commission
YCA	Highly Discounted Unrestricted Fare

Scope and Methodology

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 determined that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope. We examined FedTraveler activities since the SEC's implementation of the system in June 2008, including assessing the level of concern that travelers have with the system, assessing whether administrative fees being charged by FedTraveler are appropriate, determining whether FedTraveler has effective controls over hotel accommodations and identifying areas where the SEC can reduce travel costs. We conducted our fieldwork from May 2010 to August 2010.

Methodology. In order to accomplish our audit objectives, we gained familiarity with applicable travel requirements in the Commission's policies and procedures and the Federal Travel Regulation (FTR). We sent a survey to SEC staff who had traveled during the first part of Fiscal Year 2010 and alternate preparers to obtain feedback on their experiences with the system and to identify significant areas of concern. In addition, we conducted follow-up interviews and solicited input from Commission staff who asked to be contacted in response to the OIG's survey. We also gathered data from FedTraveler pertaining to recent travel to examine whether appropriate transaction fees are being charged to travelers and to determine whether justifications for actual necessary expenses for lodging were in accordance with applicable requirements. In addition, we examined documentation from the Office of Acquisitions pertaining to the procurement of FedTraveler. We also conducted interviews and obtained travel related documentation from the Office of Financial Management, HP Enterprise Services, LLC, and GSA in order to facilitate completion of our review.

Internal or Management Controls. We reviewed management controls as they pertained to the audit objectives, such as gaining an understanding of the Commission's travel policies and procedures, as well as obtaining an understanding of applicable system controls in FedTraveler with regard to hotel accommodations and travel by other than common carrier to help ensure travelers are complying with the FTR and SEC requirements.

Prior Audit Coverage. The OIG reviewed the Commission's process for processing premium travel in a prior audit, No. 447, *Audit of Premium Travel*, (September 29, 2008), and made several recommendations to enhance controls over travel upgrades.

Criteria

Federal Travel Regulation, 41 C.F.R. § 301-1.1, etc. The FTR implements statutory requirements and Executive branch policies for travel by federal civilian employees and others authorized to travel at government expense.

Travel Policy for SEC Employees, January 6, 2010. The SEC internal travel policies and procedures that provide further clarification of requirements in the FTR.

List of Recommendations

Recommendation 1:

The Office of Financial Management should establish a working group to independently analyze the survey results, comments, and suggestions made in response to the Office of Inspector General survey and make recommended improvements to the Associate Executive Director for Financial Management to help mitigate deficiencies with the system and ease the frustration of Commission employees.

Recommendation 2:

The Office of Financial Management should develop regular means of communication (i.e., website updates, newsletters or similar media) with Commission staff regarding common FedTraveler issues and solutions regarding booking airline and hotel accommodations, transaction fees, electronic preparation of travel authorizations and expense reports, etc. as well as any changes to existing travel policy.

Recommendation 3:

The Office of Financial Management should consult with FedTraveler and CI Travel to publish a guide for employees that clearly explains the transaction fee structure, including the amount, timing and frequency of fee charges.

Recommendation 4:

The Office of Financial Management should educate Commission staff on alternatives to contacting CI Travel to minimize non-self service transaction fees that result in high transaction costs for the Commission.

Recommendation 5:

The Office of Financial Management should work with FedTraveler to require that travelers are notified when non-self service transaction fees are charged by CI Travel, including providing a justification for the charge and information regarding the travel itinerary to which the charge relates. Alternatively, the Office of Financial Management should consider centrally billing all transaction fees to remove the burden of reconciliation from Commission staff.

Recommendation 6:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a financial system change to capture transaction fee costs in a distinct Budget Object Class (BOC) code, which will provide greater transparency for travelers on expense reports and potentially provide useful cost information for budget planning purposes.

Recommendation 7:

The Office of Administrative Services should request a legal opinion from the Office of General Counsel regarding the amount and frequency of fees charged by FedTraveler to ensure that the charges are appropriate and in accordance with the General Service Administration's Master Contract and the Commission's task order.

Recommendation 8:

The Office of Administrative Services (OAS) should request access from the General Services Administration (GSA) to the master contract via GSA's digital contract library and also provide access to the Contract Officer Technical Representative to assist in contract monitoring. OAS should also take appropriate measures to ensure that it is being properly notified by GSA of all changes to the master contract.

Recommendation 9:

The Office of Financial Management should issue guidance to travelers regarding available exceptions to using the contract fare and tips on reliable outside sources for confirming that no contract flights exist prior to requesting a non-contract flight.

Recommendation 10:

The Office of Financial Management should remind travelers of the exceptions in the Federal Travel Regulation for claiming actual necessary expenses and require that travelers provide clear justifications in their travel authorizations when claiming actual necessary expenses, including the applicable Federal Travel Regulation exception.

Recommendation 11:

The Office of Financial Management should determine how the requirement in the SEC Travel Policy that travelers call three hotels prior to requesting actual necessary expenses can be enforced or provide travelers and approving officials with alternative guidance on what they should do to locate Federal Travel Regulation compliant lodging and how their efforts should be documented.

Recommendation 12:

The Office of Financial Management should require approving officials to review and approve requests for actual expenses for lodging prior to such requests being routed to the Office of Financial Management. This will help ensure that travelers have exercised due diligence in their efforts to identify appropriate lodging and place responsibility on the approving officials to ensure that justifications are appropriate.

Recommendation 13:

The Office of Financial Management (OFM), in consultation with the Office of Administrative Services, as applicable, should work with FedTraveler to implement additional system controls to ensure that travel by privately owned vehicles is in accordance with the Federal Travel Regulation, including routing such travel through OFM.

Recommendation 14:

The Office of Financial Management, in consultation with the Office of Administrative Services, as applicable, should request that FedTraveler institute a system control that notifies travelers when their expense reports have not been submitted within the time period permitted by the Federal Travel Regulation and SEC Travel Policy.

Recommendation 15:

The Office of Financial Management (OFM), in consultation with the Office of Information Technology and Office of Administrative Services, as applicable, should request that FedTraveler provide the needed reporting capability to enable OFM to effectively monitor the receipt and processing of expense reports in accordance with the Federal Travel Regulation.

Recommendation 16:

The Office of Financial Management should publish on its travel website best practices with regard to preparation of expense reports so travelers can avoid the most common mistakes that result in returned expense reports in FedTraveler.

Recommendation 17:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a split disbursement method for payment of travel expenses.

Recommendation 18:

The Office of Financial Management (OFM), in consultation with the Office of Information Technology and Office of Administrative Services, should identify and request from FedTraveler ad-hoc reporting capabilities that are needed to successfully perform OFM's travel responsibilities and analyze the cost effectiveness of implementing such changes.

Recommendation 19:

The Office of Financial Management should examine the activity level of the current customer service representative to determine if the current number of representatives is appropriate.

Recommendation 20:

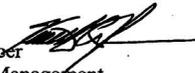
The Office of Financial Management should establish agency-specific performance measures or other means to monitor the service provided by the customer service representatives.

Management Comments

MEMORANDUM

September 21, 2010

TO: Jacqueline M. Wilson
Assistant Inspector General for Audits

FROM: Kenneth Johnson 
Chief Financial Officer
Office of Financial Management

SUBJECT: OFM Response to Report No. 483, *Audit of FedTraveler Travel Service*

This memorandum provides the Office of Financial Management's (OFM) response to OIG Report No. 483, *Audit of FedTraveler Travel Service*, dated September 1, 2010. OFM concurs with all recommendations. Recommendations #7 and 8 are made to the Office of Administrative Services (OAS) and will be responded to in a separate memorandum from that office.

OFM will take immediate action to develop a corrective action plan to address all recommendations.

Below are OFM's comments for each report recommendation. If you have any questions regarding our response, please contact Kay Levy of my staff at (202) 551-8732.

OFM Response to Report No. 483 Recommendations**Recommendation 1:**

The Office of Financial Management should establish a working group to independently analyze the survey results, comments, and suggestions made in response to the OIG survey and make recommended improvements to the Associate Executive Director for Financial Management to help mitigate deficiencies with the system and ease the frustration of Commission employees.

OFM Response: OFM concurs with this recommendation. OFM will establish a working group to conduct further analysis on the OIG survey. The work group will make recommendations to the Chief Financial Officer to improve customer satisfaction and potentially bridge system deficiencies in the FedTraveler system.

Recommendation 2:

The Office of Financial Management should develop regular means of communication (i.e. website updates, newsletters or similar media) with Commission staff regarding common FedTraveler issues and solutions regarding booking airline and hotel accommodations, transaction fees, electronic preparation of travel authorizations and expense reports, etc. as well as any changes to existing travel policy.

Recommendation 3:

The Office of Financial Management should consult with FedTraveler and CI Travel to publish a guide for employees that clearly explains the transaction fee structure, including the amount, timing and frequency of fee charges.

Recommendation 9:

The Office of Financial Management should issue guidance to travelers regarding available exceptions to using the contract fare and tips on reliable outside sources for confirming that no contract flights exist prior to requesting a non-contract flight.

Recommendation 10:

The Office of Financial Management should remind travelers of the exceptions in the Federal Travel Regulation for claiming actual necessary expenses and require that travelers provide clear justifications in their travel authorizations when claiming actual necessary expenses, including the applicable Federal Travel Regulation exception.

Recommendation 16:

The Office of Financial Management should publish on its travel website best practices with regard to preparation of expense reports so travelers can avoid the most common mistakes that result in returned expense reports in FedTraveler.

OFM Response: OFM concurs with these recommendations. OFM conducts regular training for Commission employees. In addition to this training, OFM will send out regular Administrative Notices including “hot topics” on travel, policy changes, general travel information and other FedTraveler related issues. OFM will continually update the Travel page on *the Insider*, as well, to have a central repository of SEC travel policy, fee structure and other pertinent travel information.

Recommendation 4:

The Office of Financial Management should educate Commission staff on alternatives to contacting CI Travel to minimize non-self service transaction fees that result in high transaction costs for the SEC.

OFM Response: OFM concurs with this recommendation. Travel is mission critical for SEC employees. In carrying out the work of the Commission, staff sometimes must change travel times, destinations, and details without prior notice. It is often necessary to use the CI Travel phone line to make changes to reservations. OFM will educate Commission staff on alternative methods to book travel reservations, although certainly staff still will need to use the CI Travel phone line to make mission critical changes or book foreign travel.

Recommendation 5:

The Office of Financial Management should work with FedTraveler to require that travelers are notified when non-self service transaction fees are charged by CI Travel, including providing a justification for the charge and information regarding the travel itinerary to which the charge relates. Alternatively, the Office of Financial Management should consider centrally billing all transaction fees to remove the burden of reconciliation from Commission staff.

OFM Response: OFM concurs with this recommendation. Educating the Commission staff on transaction fees, the circumstances under which they are charged, and the actions that constitute a charge should be paramount in reconciling non-self service fees. In addition, OFM will inquire with FedTraveler about adding this detailed information to the non-self service transaction fees on credit card charges. However, based on previous communications with FedTraveler, OFM does not believe the functionality exists at this time, as we understand the travel charge card vendor does not have the capability to include a transaction justification or itinerary details with each transaction fee.

With respect to centrally billing transaction fees, FedTraveler does not have the capability to charge travel costs to one credit card and transaction fees to an alternate credit card. In addition, OFM does not have the labor resources to reconcile the centrally billed account (for the travel charge card) should all non-self service fees be charged to it.

Recommendation 6:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a financial system change to capture transaction fee costs in a distinct Object Class (BOC) Code which will provide greater transparency for travelers on expense reports and potentially provide useful cost information for budget planning purposes.

OFM Response: OFM concurs with this recommendation. OFM will work with the Momentum financial system support team to define potential additional BOCs to capture the transaction fee costs. OFM will also work with FedTraveler to determine what functionality changes are needed in the FedTraveler system, as well as its interface with the financial system, to accommodate these additional BOCs. Once OFM has captured the potential cost of these changes, OFM will make a determination on the feasibility of including these BOCs to capture transaction fees.

Recommendation 10:

The Office of Financial Management should remind travelers of the exceptions in the Federal Travel Regulation for claiming actual necessary expenses and require that travelers provide clear justifications in their travel authorizations when claiming actual necessary expenses, including the applicable Federal Travel Regulation exception.

OFM Response: OFM concurs with this recommendation. OFM conducts regular training for Commission employees. In addition to this training, OFM will send out regular Administrative Notices including "hot topics" on travel, policy changes, general travel information and other FedTraveler related issues. OFM will continually update the Travel page on *the Insider*, as well, to have a central repository of SEC travel policy, fee structure and other pertinent travel information.

Recommendation 11:

The Office of Financial Management should determine how the requirement in the SEC Travel Policy requiring travelers to call three hotels prior to requesting actual necessary expenses can be enforced or provide travelers and approving officials

with alternative guidance on what they should do to locate Federal Travel Regulation compliant lodging and how their efforts should be documented.

OFM Response: OFM concurs with this recommendation. OFM agrees that this requirement is not enforceable. OFM will remove this requirement from the travel policy. Furthermore, OFM will include education on requesting actual necessary expenses for travelers and search resources outside of FedTraveler in all training materials, as well as the central repository on the *Insider*. Travelers will be required to exercise due diligence in looking for a hotel room at the government rate but will not be required to prove they called three alternative hotels. Within the FedTraveler system there is a "Justification" response area where they will be required to attest that they have exercised due diligence in looking for a hotel at the government rate.

Recommendation 12:

The Office of Financial Management should require approving officials to review and approve requests for actual expenses for lodging prior to such requests being routed to the Office of Financial Management. This will help ensure that travelers have exercised due diligence in their efforts to identify appropriate lodging and place responsibility on the approving official to ensure that justifications are appropriate.

OFM Response: OFM concurs with this recommendation, and has already completed remedial actions. The dynamic routing function within the FedTraveler system was changed to route all requests for actual expenses for lodging to the intra-office approving officials before routing to OFM.

Recommendation 13:

The Office of Financial Management, in consultation with the Office of Administrative Services, as applicable, should work with FedTraveler to implement additional system controls to ensure that travel by privately owned vehicles is in accordance with the Federal Travel Regulation, including routing such travel through the Office of Financial Management.

Recommendation 14:

The Office of Financial Management, in consultation with the Office of Administrative Services, as applicable, should request that FedTraveler institute a system control that notifies travelers when their expense reports have not been submitted within the time period permitted by the Federal Travel Regulation and SEC Travel Policy.

Recommendation 15:

The Office of Financial Management, in consultation with the Office of Information Technology and Office of Administrative Services, as applicable, should request that FedTraveler provide the needed reporting capability to enable them to effectively monitor the receipt and processing of expense reports in accordance with the Federal Travel Regulation.

Recommendation 18:

The Office of Financial Management, in consultation with the Office of Information Technology and Office of Administrative Services, should identify and request from FedTraveler ad-hoc reporting capabilities that are needed to successfully perform their travel responsibilities and analyze the cost effectiveness of implementing such changes.

OFM Response: OFM concurs with these recommendations, and will request these system changes. However, OFM cannot guarantee that GSA will put in place additional system controls if it determines the current configuration is fully compliant with GSA regulations. Any potential configuration change for FedTraveler must go through GSA approved configuration management procedures. In order to make a change to the configuration of the FedTraveler system, the requesting agency must submit a CR (change request) for the additional functionality that they desire. This CR is reviewed by the Configuration Control Board (made up of representatives from GSA, FedTraveler, and other user agencies). A determination is made about the necessity of the CR and whether other user agencies are willing to share in the cost burden. Should only the requesting agency desire the functionality and it is not required for regulatory compliance, the entire cost will be borne by that agency. OFM will make the CRs for the recommended functionality changes, but given funding concerns, cannot state with certainty that the new functionality would be cost-beneficial to the Commission in light of the new Electronic Travel System that is scheduled to come online in FY2012.

Recommendation 17:

The Office of Financial Management should determine the feasibility and cost effectiveness of implementing a split disbursement method for payment of travel expenses.

OFM Response: OFM concurs with this recommendation. OFM will work with the Momentum financial system team and FedTraveler to determine the practicability and cost effectiveness of implementing split disbursement.

Recommendation 19:

The Office of Financial Management should examine the activity level of the current customer service representative to determine if the current number of representatives is appropriate.

OFM Response: OFM concurs with this recommendation, and it is currently in practice. The COTR for the FedTraveler task order conducts an annual evaluation of the activity level of the CAS Reps (customer service representatives). OFM uses the evaluation in requesting the proper amount of funding for the customer service CLIN from the Information Officers Council (IOC).

Recommendation 20:

The Office of Financial Management should establish agency-specific performance measures or other means to monitor the service provided by the customer service representatives.

OFM Response: OFM concurs with this recommendation. The COTR for the FedTraveler contract will work with OIT and OAS on procurement of call monitoring software that will provide information on a multitude of customer service support metrics. From these metrics, performance goals can be set and continually monitored by OFM.

MEMORANDUM

September 16, 2010

TO: H. David Kotz
Inspector General

FROM: Sharon Sheehan 
Associate Executive Director
Office of Administrative Services

SUBJECT: OAS Management Response to Draft Report No. 483, *Audit of the FedTraveler Travel Service*

This memorandum is in response to the Office of Inspector General's Draft Report No. 483, *Audit of the FedTraveler Travel Service*. Thank you for the opportunity to review and respond to this report. We concur with the recommendations addressed to OAS and have begun taking appropriate steps to implement them.

Recommendation 7:

OAS concurs. The Office of Acquisitions (OA) will request the Office of General Counsel (OGC) provide a legal opinion regarding the amount and frequency of fees charged by FedTraveler and whether the charges and fees are appropriate and consistent with the applicable GSA master contract and SEC task order.

Recommendation 8:

OAS concurs. The contracting officer recently gained access to the GSA master contract and will monitor changes.

Recommendations 13, 14, 15, and 18:

OAS concurs. We view our role in implementing these recommendations as support to OFM only if the action requires a modification to the SEC's task order.

OIG Response to Management's Comments

OFM concurred with all 18 recommendations addressed to their office and indicated that they would take action to implement all of the recommendations. In addition, OAS agreed with the two recommendations addressed to its office.

We believe that OFM's and OAS' proposed actions are responsive to our findings and recommendations and we are pleased that they have already taken actions to implement some of the report's recommendations. Once all of the recommendations are fully implemented, we believe that the improvements will help ease some of the frustration expressed by Commission staff regarding FedTraveler and result in significant improvement to the operations of the FedTraveler system at the SEC.

Audit Requests and Ideas

The Office of Inspector General welcomes your input. If you would like to request an audit in the future or have an audit idea, please contact us at:

U.S. Securities and Exchange Commission
Office of Inspector General
Attn: Assistant Inspector General, Audits (Audit Request/Idea)
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Hotline

To report fraud, waste, abuse, and mismanagement at SEC,
contact the Office of Inspector General at:

Phone: 877.442.0854

Web-Based Hotline Complaint Form:
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