



OFFICE OF INSPECTOR GENERAL
EXPORT-IMPORT BANK
of the UNITED STATES

Ex-Im Bank's Sponsored Travel

**Improvements Made but Opportunities Exist to
Fully Comply with the Federal Travel Regulation**

April 23, 2014

OIG-AR-14-05



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Subject: Audit of Export-Import Bank's Controls Over Sponsored Travel,
Report No. OIG-AR-14-05

Date: April 23, 2014

Attached please find the final report of our audit of Export-Import Bank's controls over sponsored travel. The report contains three recommendations for corrective action. In response to a draft of the report, management concurred with the recommendations. Management's response is included as an appendix to the final report.

We consider management's proposed actions to be responsive. The recommendations will be closed upon completion and verification of the proposed actions.

We appreciate the courtesies and cooperation extended to us during the audit. If you have questions, please contact me at (202) 565-3499 or arturo.cornejo@exim.gov.

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The Export-Import Bank of the United States (Ex-Im Bank) is the official export-credit agency of the United States. Ex-Im Bank is an independent, self-sustaining executive agency and a wholly-owned U.S. government corporation. Ex-Im Bank’s mission is to support jobs in the United States by facilitating the export of U.S. goods and services. Ex-Im Bank provides competitive export financing and ensures a level playing field for U.S. exports in the global marketplace.

The Office of Inspector General, an independent office within Ex-Im Bank, was statutorily created in 2002 and organized in 2007. The mission of the Ex-Im Bank Office of Inspector General is to conduct and supervise audits, investigations, inspections, and evaluations related to agency programs and operations; provide leadership and coordination as well as recommend policies that will promote economy, efficiency, and effectiveness in such programs and operations; and prevent and detect fraud, waste, abuse, and mismanagement.

ACRONYMS

AAA	Administrative Accounting Activities
Ex-Im Bank or the Bank	Export-Import Bank of the United States
FAS-t	Forms Automation System for travel
FTR	Federal Travel Regulation
OAS	Office of Administration and Security
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OGC	Office of the General Counsel
OGE	United States Office of Government Ethics
OIG	Office of the Inspector General
PAS	Program and Accounting Servicing
SF	Standard Form
SVP	Senior Vice President

Executive Summary

Ex-Im Bank's Sponsored Travel Improvements Made but Opportunities Exist to Fully Comply with the Federal Travel Regulation Audit Report OIG-AR-14-05 April 23, 2014

Why We Did This Audit

We performed this audit, in part, to follow-up on recommendations provided by the Office of Inspector General in a previous audit report issued on June 4, 2010, "Sponsored Transactional Travel." The report addressed needed improvements in Export-Import Bank of the United States' (Ex-Im Bank or the Bank) policies and procedures for obtaining travel expense reimbursement from sponsors and travel voucher submission from employees. We performed the audit to evaluate the policies and procedures used to govern the sponsored travel policy over the acceptance, approval, and collection of payments from non-federal sources. We also evaluated Ex-Im Bank's compliance with the Federal Travel Regulation (FTR) pertaining to sponsored travel.

What We Recommended

To provide reasonable assurance that the Bank complies with the FTR, the Bank should: (1) establish effective control activities over submission of sponsored travel vouchers, to include clearly identifying the roles, responsibilities, and accountability of individual travelers, supervisors, Senior Vice Presidents, and the Office of Administration and Security (OAS); and provide training to Ex-Im Bank employees over the roles, responsibilities, and accountability of individuals and OAS; (2) establish reporting procedures over sponsored travel that allow for information to be communicated timely; and (3) establish mechanisms to obtain specific, measurable, and reliable data in order to ensure that Office of General Counsel reports all required payments received from non-federal sources, including verification and reconciliation of data.

What We Found

We found that improvements are still needed in order for Ex-Im Bank to fully comply with the FTR requirement to submit travel vouchers within five work days after completion of a trip. From a statistical sample of sponsored "transactional" trips from January 2011 to April 2013, we projected that employees submitted travel vouchers late for more than half of the population (199 of 343 total trips or 58 percent). We also found that one Ex-Im Bank employee submitted travel vouchers late for 13 out of 14 sponsored transactional trips reviewed, and the employee submitted two of those travel vouchers 260 calendar days or more after the required submission date. In addition, OAS, responsible for evaluating policies, plans, and procedures related to employee travel, did not establish or implement effective procedures to monitor compliance with the FTR. This occurred because Ex-Im Bank did not establish a policy that clearly identified roles, responsibilities, and accountability of individual travelers, supervisors, and OAS. As a result, we projected that more than half of all sponsored transactional trips were not in compliance with travel regulations related to timely submission of vouchers.

We also found that improvements are needed to ensure that Ex-Im Bank reports to the Office of Government Ethics all payments over \$250 received from non-federal sources for sponsored "conference" trips, as required by FTR. We found that Ex-Im Bank did not report 15 percent or nine out of 60 sponsored conference trips from March 2011 to March 2013. This occurred because the Office of General Counsel did not establish strong internal controls to ensure that the data it used to determine required reportable payments was complete and accurate. As a result, Ex-Im Bank did not comply with FTR's requirement to report complete and accurate payments received from non-federal sources for sponsored conference travel and the public was denied complete information over the payments Ex-Im Bank received from non-federal sources.

Despite the improvements needed to fully comply with FTR, we obtained reasonable assurance that Ex-Im Bank established adequate controls over some aspects of the sponsored travel program as required by the Code of Federal Regulations and FTR. From a statistical sample of 31 sponsored transactional travel requests and a statistical sample of 25 sponsored conference travel requests, we found that Ex-Im Bank employees submitted all relevant documentation and officials properly followed procedures to accept sponsored travel requests. In addition, from our review of the statistical sample of 31 sponsored transactional trips, we found that Ex-Im Bank properly billed and collected reimbursement for all trips that required a bill to be sent to the sponsor.

For additional information, contact the Office of the Inspector General at (202) 565-3908 or visit www.exim.gov/oig.

TABLE OF CONTENTS

INTRODUCTION

Background	1
Objectives	6

RESULTS

Lack of Controls over Sponsored Travel Vouchers Resulted in Non-compliance with the Federal Travel Regulation and Ex-Im Bank’s Travel Policy	7
Recommendations, Management’s Response, and Evaluation of Management’s Response	13
Ex-Im Bank Did Not Report Nine Sponsored Conference Payments totaling \$16,159 to the Office of Government Ethics	15
Recommendations, Management’s Response, and Evaluation of Management’s Response	19
Ex-Im Bank Complied with Regulations over Procedures to Accept Payments from Non-Federal Sources for Sponsored Travel	20
Follow-up Audit Results on Prior Recommendations	24

APPENDIX A

Scope and Methodology	27
Review of Internal Controls	28
Federal Laws, Regulations, Policies, and Guidance	29
Prior Coverage	29

APPENDIX B

Ex-Im Bank’s Approval Process for Sponsored Travel Authorizations	30
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APPENDIX C

Ex-Im Bank’s Travel Request Form Using FAS-t	31
--	----

APPENDIX D

Ex-Im Bank’s Billing and Collection Process	32
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APPENDIX E

Form EXB-2011-1, "Request for Reimbursement of Actual Expenses" _____ 33

APPENDIX F

OGC Reporting Process to OGE for Sponsored Conference Payments _____ 34

APPENDIX G

Management Comments _____ 35

INTRODUCTION

Background

On June 4, 2010, the Office of Inspector General (OIG) issued an audit report – “Sponsored Transactional Travel,”¹ – that addressed needed improvements in Export-Import Bank of the United States’ (Ex-Im Bank or the Bank) policies and procedures for obtaining travel expense reimbursement from sponsors and travel voucher submission from employees. The report made three recommendations for corrective action and management concurred with the recommendations. However, between November 2012 and April 2013, the OIG received information indicating that corrective actions were either never fully implemented or were ineffective. For example, a limited review of travel vouchers submitted by Ex-Im Bank employees indicated that employees may be waiting as long as nine months to submit travel vouchers, which is not compliant with the Federal Travel Regulation (FTR) and delays the Bank’s ability to bill related sponsors. Additionally, a review of the regulations pertaining to sponsored travel and Ex-Im Bank’s travel policy as well as preliminary meetings with officials from the Office of Administrative and Security (OAS), Office of General Counsel (OGC), and Office of the Chief Financial Officer (OCFO), indicated that additional improvements in the Bank’s controls over its approval, acceptance, and collection of payments from non-federal sources for travel and related expenses may be needed.

Applicable laws and regulations. Ex-Im Bank received payments for travel related expenses from non-federal sources for two types of travel: sponsored transactional travel and sponsored conference travel. Pursuant to regulations established at 12 Code of Federal Regulations (CFR) 412, Ex-Im Bank may accept reimbursement for travel and subsistence expenses incurred as a result of employee attendance at meetings or similar events that are directly related to the mission of the Bank. A meeting is defined as a “formal gathering, site visit, negotiation session or similar event that takes place away from the employee’s official station and which is directly related to the mission of Ex-Im Bank” (herein referred to as sponsored transactional travel).²

Under the authority of the FTR and 31 U.S. Code (U.S.C.) 1353, federal agencies may accept payment of travel expenses from non-federal sources for official travel to a meeting.³ FTR defines a meeting as a “conference, seminar, speaking engagement, symposium, training course, or similar event that takes place away from the employee’s official station” (herein referred to as sponsored conference travel). A meeting as defined in this chapter “does not include a meeting or other event required to carry out an agency’s statutory or regulatory

¹ “Sponsored Transactional Travel” (Export-Import Bank OIG/OIG-AR-10-04, June 2010).

² 12 C.F.R. § 412.3(c)(3), “Acceptance of Payment from a non-Federal Source,” January 1, 2005.

³ See FTR, 41 C.F.R. § 304-1.2.

functions (i.e., a function that is essential to an agency’s mission) such as investigations, inspections, audits, site visits, negotiations or litigation.”⁴

Ex-Im Bank Travel Policy. Ex-Im Bank’s travel policy states that “the Bank’s Charter authorizes the Bank to accept funds paid or reimbursed, or payment-in-kind, from a Non-Federal Entity for staff travel to attend a conference, meeting, or event directly related to its mission.” Further, Ex-Im Bank’s travel policy states that an Ex-Im Bank employee may not solicit payment for travel related expenses from a non-federal source; and the divisional Senior Vice President (SVP) and appropriate Bank ethics official must give approval before the employee may confirm attendance.

Key Ex-Im Bank divisions responsible for sponsored transactional and conference travel. Three Ex-Im Bank divisions are responsible for the approval, acceptance, billing, and collection of payments for sponsored transactional and conference travel.

- OAS verifies that sponsored travel applications are completed correctly and necessary funds are available for the trip prior to approval.⁵ In addition, OAS establishes policies and procedures for Ex-Im Bank employee’s travel.
- OGC reviews and approves sponsored travel applications after determining whether conflicts of interest exist. OGC also reports sponsored conference travel payments received from non-federal Sources to the United States Office of Government Ethics (OGE) semiannually.⁶
- OCFO pays the traveler after vouchers are submitted for sponsored travel after completion of a trip; issues a bill to sponsors for the travel expenses that the sponsor agreed to reimburse and where paid for upfront by the Bank; and collects reimbursement from the sponsor for travel expenses incurred.

Approving and accepting employee travel requests for sponsored conference and transactional travel. The approval and acceptance process for sponsored conference and transactional travel is the same. Ex-Im Bank may accept an unsolicited payment from a non-federal source for travel expenses only after being approved and accepted by the appropriate Ex-Im Bank officials. The approval process is performed using the Bank’s electronic travel system – Forms Automation System for travel (FAS-t). The approval and acceptance process is explained below. An illustration describing Ex-Im Bank’s approval and acceptance process is included in Appendix B.

⁴ See FTR, 41 C.F.R. § 304-2.1.

⁵ For reimbursable travel expenses offered by sponsors, Ex-Im Bank initially pays the employee’s travel expenses after an employee completes a sponsored trip and submits a travel voucher. Once the employee is paid from Ex-Im Bank’s funds, Ex-Im Bank bills the sponsor for the reimbursable travel expenses. Ex-Im Bank does not initially pay for sponsored travel expenses that are paid by the sponsor in advance or in-kind.

⁶ As required by FTR, 41 C.F.R. § 304-6.4.

1. The employee receives a non-solicited invitation from a non-federal source to attend a meeting for a mission-related (sponsored transactional) or non-mission related (sponsored conference) purpose at the sponsor's expense. The sponsor may agree to pay all travel expenses or only part of the travel expenses. Further, the sponsor has the option to pay in advance, pay in-kind, or request Ex-Im Bank to bill the sponsor for reimbursement after the trip is completed.
2. The employee completes a travel request application in FAS-t. The employee indicates the type of travel (whether for sponsored transactional or conference purposes), provides relevant information, and uploads pertinent documents used for the approving and accepting officials to make a decision for authorization. An example of the travel request form for sponsored transactional travel is included in Appendix C. A travel request form for sponsored conference travel contains the same information.
3. Once the employee completes the travel request application, FAS-t notifies OAS that a travel request is pending. An OAS Travel Specialist reviews and verifies all information entered by the traveler. Then, an OAS Budget Specialist determines whether funds are available within the requesting employee's department budget. If funds are available, an OAS Budget Specialist commits/obligates funds from the Division's budget and approves the application in FAS-t.
4. FAS-t notifies the SVP of the employee's division that the travel request application is ready for review. The SVP reviews the application details and approves the trip, after determination.
5. FAS-t notifies OGC (the agency's designated ethics official) that the travel request application is ready for review. OGC reviews the travel request application details to determine whether a conflict of interest exists. Additionally, OGC reviews the application to determine whether the sponsored trip was solicited. If there are no issues, OGC approves the travel request application.
6. FAS-t notifies the OAS Director that the application is ready for final review. The director reviews all approvals and supporting documentation contained in the application to ensure completeness. The OAS Director makes the final approval.
7. The employee's travel request application for sponsored travel has been accepted and approved. The employee can accept payment for travel expenses from the non-federal sponsor.

Billing sponsors and collecting reimbursement for sponsored transactional and conference travel. The billing and collection process for sponsored conference and transactional travel is the same. Sponsors offering payment of travel expenses agree to either reimburse Ex-Im Bank for travel expenses, pay for sponsored travel expenses in advance, or pay travel expenses in-kind. For reimbursable sponsored travel, Ex-Im Bank begins the billing and collection process after an employee completes a sponsored trip and submits a travel voucher for the sponsored travel expenses. Ex-Im Bank does not bill the

sponsor until the travel voucher is submitted by the employee. Unlike the approval process, billing and collecting reimbursement from sponsors for travel related expenses is performed manually. The billing and collection process is explained below. An illustration describing Ex-Im Bank's billing and collection process is included in Appendix D.

1. A traveler completes a sponsored trip. (Per the FTR and Ex-Im Bank Travel Policy, employees must submit a travel voucher within five work days after completion of a trip.)
2. The employee prepares all receipts and pertinent documents to support the travel voucher. The employee should verify all sponsor details and amounts that should be billed to the sponsor. After the travel voucher and supporting documentation is prepared, the employee manually submits the travel voucher and supporting documents to the employee's immediate supervisor for approval.
3. The employee's immediate supervisor reviews all documents and approves the travel voucher. The travel voucher and supporting documents are manually delivered to OAS.
4. An OAS Travel Specialist reviews the travel voucher and supporting documentation and makes any necessary adjustments. If the actual sponsored travel expenses were more or less than the estimated expenses, the specialist adjusts the amount that was obligated to the traveler's division during the approval process. OAS then enters an approved invoice amount into the Administrative Accounting Activities' (AAA) System and manually or electronically delivers the travel voucher and supporting documents to a payment certifier in the OCFO.
5. The OCFO Certifier approves the travel voucher and prints a payment voucher for the employee to be paid the full invoice amount.
6. Cash Control officials then pay the traveler. For sponsored travel expenses that are reimbursed by the sponsor, Ex-Im Bank pays the traveler first from Ex-Im Bank funds. Cash Control officials deliver the travel voucher and supporting documentation to the Program and Accounting Servicing (PAS) division within OCFO to prepare bills to sponsors. PAS also monitors bills that need to be prepared by reviewing the "Unbilled Receivables Report" from AAA. The report identifies sponsored travel expenses that have been paid to the traveler out of Ex-Im Funds but have not been billed for reimbursement from the sponsors.
7. Once the traveler is paid and PAS receives the paid travel voucher and supporting documentation, a PAS Official verifies the amount that was paid from the travel vouchers and verifies the amounts that sponsors should be billed. If the PAS Official is not certain about the amount to be billed, the official will contact OAS and the traveler to confirm the correct amount. Once confirmed, the PAS Official sends the sponsor a bill and supporting documentation via email.

8. The PAS Official will continue collection efforts from the sponsor until the bill is paid or six months have elapsed.
 - a. If the bill is paid, OCFO will receive and apply payment. Obligated funds within the traveler's division will be offset.
 - b. If payment is not received within six months, OCFO will write-off the receivable and charge the traveler's division to an administrative expense.
 - c. If payment is not received in full, OCFO will either continue billing efforts, or charge the traveler's division to an administrative expense.
9. The PAS Official monitors bills that have not been paid by the sponsors on a bi-weekly basis and resends bills to the sponsor until the bill is paid. In addition, OCFO sends a "Sponsor Travel Due by Division" monthly report to divisions where employees had an outstanding bill from a sponsor. The "Sponsor Travel Due by Division" report allows employees an opportunity to personally contact sponsor.

Reporting sponsored conference travel payments to OGE for payments received over \$250 from non-federal sponsors. The FTR requires agencies to submit Standard Form (SF) 326, "Semiannual Report of Payments Accepted from a Non-Federal Source" to report payments received from non-federal sources over \$250 for sponsored conference payments.⁷ Specifically, FTR requires federal agencies to:

- (a) "Submit the Standard Form 326 no later than May 31 for payments received from the preceding October 1 through March 31"; and
- (b) "Submit the Standard Form 326 no later than November 30 for payments received from the preceding April 1 through September 30."

OGC performs this requirement by performing the following procedures. An illustration describing OGC's reporting process is included in Appendix F.

1. OGC requests all sponsored conference travel requests authorized for the reporting period from the Office of the Chief Information Officer (OCIO).
2. OCIO queries all sponsored conference authorizations from information maintained in the FAS-t for the requested period and provides a list of the information to OGC.
3. OGC receives the list of sponsored conference authorizations and identifies all sponsored conference payments over \$250. OGC does not verify or reconcile information to any other source to confirm completeness of the data provided by OCIO.

⁷ See FTR, 41 C.F.R. § 304-6.4.

4. OGC contacts all employees on the list of sponsored conference authorizations over \$250 to gather an itemization of payments received, such as travel expenses paid for hotel, flight, meals, etc.
5. OGC completes SF 326, and an OGC supervisor approves the final SF 326 reports listing all payments received from non-federal sources over \$250 for the reporting period.
6. OGC sends the SF 326 report to OGE before the semiannual reporting deadline.

Objectives

Our objectives were to determine whether Ex-Im Bank complied with federal and agency regulations pertaining to sponsored travel and to evaluate the Bank's processes and supporting documentation for approving and accepting sponsored travel requests, billing sponsors, and collecting reimbursements from sponsors. In addition, our objective was to follow-up on corrective actions implemented as a result of our previous audit report, "Sponsored Transactional Travel."⁸ See Appendix A for details of the audit's scope and methodology; our review of internal controls, federal laws, regulations, policies, and guidance; and a description of prior audit coverage.

⁸ "Sponsored Transactional Travel" (Export-Import Bank OIG/OIG-AR-10-04, June 2010).

RESULTS

Lack of Controls over Sponsored Travel Vouchers Resulted in Non-Compliance with the Federal Travel Regulation and Ex-Im Bank’s Travel Policy

Ex-Im Bank employees did not comply with the FTR and Ex-Im Bank’s travel policy because employees on sponsored travel failed to submit travel vouchers within the required timeframe for more than half of the trips examined. General Service Administration’s “Federal Travel Regulation,” states that employees on official government travel are required to submit travel claims within five working days after completion of trips, and agencies are required to govern this timeframe.⁹ We projected that more than half of the population - 199 of 343 or 58 percent - of sponsored transactional vouchers were not submitted within five work days after completion of a trip. Specifically, we sampled 31 sponsored transactional vouchers and found 18 or 58 percent did not comply with the FTR. During our review of travel vouchers, we identified an employee that submitted two travel vouchers for the same trip, and Ex-Im Bank paid the employee twice resulting in an overpayment of \$1,427.46. In addition, Ex-Im Bank did not properly monitor compliance with the FTR and its own travel policy. This occurred because Ex-Im Bank did not establish a policy that clearly identified the roles, responsibilities, and accountability of individual travelers, direct supervisor, SVPs, and of OAS. Furthermore, OAS used ineffective procedures when identifying employees who did not submit travel vouchers within five work days after completion of a trip. We found that Ex-Im Bank did not establish an effective framework for applying internal control standards over sponsored travel.

EX-Im Bank Employees Frequently Did Not Comply with the Federal Travel Regulation and Ex-Im Bank’s Travel Policy

Ex-Im Bank employees on sponsored travel are required to follow FTR which states, “Unless your agency administratively requires you to submit your travel claim within a shorter timeframe, you must submit your travel claim as follows: (a) within 5 working days after you complete your trip or period of travel; or (b) every 30 days if you are on a continuous travel status.”¹⁰ In addition, the FTR requires Ex-Im Bank to establish policies and procedures to govern the timeframes for

FTR requires Ex-Im Bank to establish policies and procedures to govern the timeframes for an employee to submit a travel voucher for reimbursement.

⁹ We determined the requirement submission date by using working days. We used calendar days to show the number of days the outstanding travel vouchers exceeded the required submission date. Working days were calculated as business days, i.e., weekdays not including Federal Holidays.

¹⁰ See FTR, 41 C.F.R. § 301-52.7.

an employee to submit a travel voucher for reimbursement.¹¹ In accordance with the FTR, Ex-Im Bank’s travel policy states, “Within five business days after travel is completed, travelers must request reimbursement using the form EXB-2011-1, “Request for Reimbursement of Actual Expenses,” and following the steps described in the Bank’s internal travel voucher guidelines.”¹² An example of the EXB-2011-1, “Request for Reimbursement of Actual Expenses” form is included in Appendix E.

In addition, U.S. Government Accountability Office’s (GAO) “Standards for Internal Control in the Federal Government” states that internal controls should provide reasonable assurance that the objectives of the agency are being achieved in compliance with applicable laws and regulations.¹³ Further, internal controls include management:

- providing leadership in the internal control environment, especially in setting and maintaining the organization’s ethical tone, providing guidance for proper behavior, and providing discipline where appropriate;
- establishing control mechanisms and activities in place and monitoring and evaluating the controls; and
- providing operating information to determine whether the agency is achieving its compliance requirements under various laws and regulations.

Based on our projection of a statistical sample, more than half of Ex-Im Bank’s sponsored transactional trips did not comply with travel regulations and policy.

Based on a projection of a statistical sample of 31 sponsored transactional trips, we found that more than half of employees who participated in sponsored transactional travel did not submit travel vouchers within five working days after completion of a trip, as required by FTR and the Ex-Im Bank travel policy. From our review of a statistical sample of 31 sponsored transactional travel vouchers, we identified 18 vouchers (58 percent) of the sample that were submitted more than five working days after completion of a trip. Projecting the results of our sample onto a population of 343 trips, we can expect that 199 travel vouchers were submitted more than five working days after completion of a trip. Furthermore, we projected that 55 of the 343 trips or about 16 percent of the vouchers were not in compliance with the FTR more than 30 calendar days after the required submission day. Figure 1 illustrates the details over the sample and the projection to the population of sponsored transactional trips.

¹¹ See FTR, 41 C.F.R. § 301-71.207.

¹² “Export-Import Bank of the U.S. Travel Policy,” RM-2011-01, October 2011.

¹³ “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

**Figure 1. Results and Projection of Sample
Sponsored Transactional Travel Trips (January 2011 – April 2013)**

Number of Calendar Days Not in Compliance with the FTR and Ex-Im Bank’s Travel Policy	Number of Vouchers in the Sample	Percentage of the Sample	Number of Vouchers Projected to Population
120 Days or More	2	6.5%	22
60 Days – 119 Days	1	3%	11
30 Days – 59 Days	2	6.5%	22
15 Days – 29 Days	3	10%	33
1 Day – 14 Days	10	32%	111
Totals	18	58%	199

Source: OIG analysis based on sponsored transactional travel vouchers received from OAS and data from FAS-t.

The 18 late vouchers in the sample consisted of 11 different employees. Four employees submitted vouchers late two or more times. One employee submitted vouchers late four times.

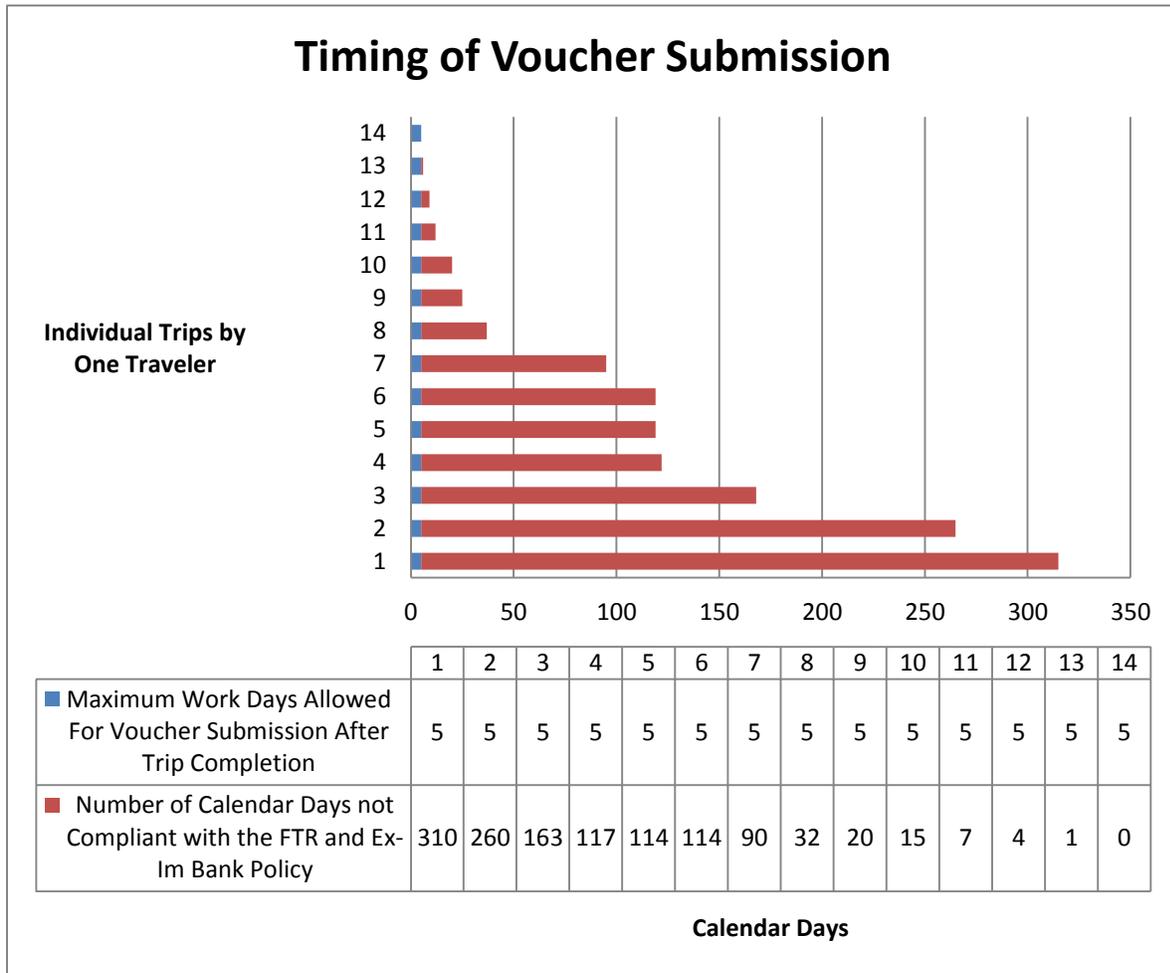
Ex-Im Bank overpaid an employee for travel vouchers that were submitted twice for the same sponsored transactional trip. While reviewing the sample of 31 sponsored transactional travel vouchers for timeliness, we found that one employee submitted two travel vouchers for the same trip, and Ex-Im Bank paid the employee twice, resulting in an overpayment of \$1,427.46. The employee submitted a travel voucher in September 2011 and again in February 2012 for the same trip that ended in September 2011. We inquired about the transaction, and OAS took action to collect reimbursement from the employee. On February 26, 2014, the employee reimbursed Ex-Im Bank the amount due of \$1,427.46.

One employee submitted travel vouchers late for 13 out of the 14 sponsored transactional trips reviewed. In addition to the review of the 31 sponsored transactional trips in our sample, we conducted an extended review of the trips taken by the employee who submitted four travel vouchers more than five work days after completion of the trips. We determined that the employee completed 14 sponsored transactional trips from January 2011 to April 2013, and for 13 of those trips the employee submitted travel vouchers more than five work days after completion, resulting in non-compliance with the FTR.¹⁴ After determining the required submission date for each of the 14 trips, we calculated the number of calendar days the outstanding travel vouchers exceeded the required submission date. For seven of the 14 sponsored trips, the employee submitted travel vouchers that were not in compliance with the FTR by 90 calendar days or more. Of those seven sponsored transactional trips, the employee submitted two travel vouchers that were not in compliance with the FTR by 260 calendar days or more. For six of the sponsored transactional trips, the employee submitted travel vouchers not in compliance

¹⁴ The 14 Sponsored transactional trips did not include trips that were paid in advance or paid in-kind because those trips did not require travel voucher submission.

with the FTR from one calendar day to 32 calendar days. The employee only completed one travel voucher within five work days after completion of a trip in compliance with FTR. Figure 2 illustrates the details over the 14 sponsored transactional trips taken by one employee and the timing of voucher submission.

Figure 2. Voucher Submission for Trips from One Employee Sponsored Transactional Travel (January 2011 – April 2013)



Source: OIG analysis based on sponsored travel vouchers received from the OAS and data from FAS-t.

Federal Standards for Internal Control Require Assurance

GAO “Standards for Internal Control in the Federal Government” states that internal controls should provide reasonable assurance that the agency is in compliance with applicable laws and regulations.¹⁵ Furthermore, such standards state that internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations.

¹⁵ “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

However, OAS failed to properly monitor travel voucher submission and ensure the proper implementation of the FTR and Ex-Im Bank’s travel policy. Based on the OIG’s prior audit on June 4, 2010, “Sponsored Transactional Travel,” OAS established a procedure to notify travelers (by email) after four business days if the employee did not submit a voucher after completion of a trip.¹⁶ If travelers did not submit a travel voucher within 10 business days, OAS would notify the employee and the employee’s supervisor. However, we found that OAS did not follow its own procedure to monitor travel voucher submission and notify employees not in compliance with the FTR. Specifically, we requested email notifications for travel vouchers identified in our sample that were not submitted within five work days after completion of a trip, and OAS was not able to provide an example of any notifications sent to the employees identified in the sample. OAS was able to provide an example of one notification sent to an employee and the employee’s supervisor for three outstanding travel vouchers outside of our sample, but OAS sent the notification more than 20 calendar days after the required submission date for the three travel vouchers.

Lack of Accountability Leads to Late Reporting

GAO’s “Standards for Internal Control in the Federal Government” state that management is responsible for maintaining the organization’s ethical tone, providing guidance for proper behavior, and providing discipline where appropriate.¹⁷ However, Ex-Im Bank did not establish a policy providing consequences for not complying with FTR and Ex-Im Bank’s travel policy. The policy did not clearly establish accountability for immediate supervisors and SVPs approving employee travel vouchers.

In addition, OAS failed to notify employees not in compliance with the FTR and Ex-Im Bank travel policy because the procedures used were ineffective. OAS established a procedure to notify travelers who did not submit travel vouchers within five work days after completion of a trip by relying on reports received from Citi Bank’s SmartPay System. However, reliance on Citi Bank reports was ineffective for the following reasons.

1. Reports were only issued every 30 days, and as a result, were not effective in identifying travelers who did not submit vouchers within five work days after completion of a trip.
2. Reports only identified employees who had travel card balances. As a result, the reports were not effective in identifying travelers who personally paid card balances in total but did not submit a travel voucher.

In addition, we found that OAS did not always use the reports to notify employees who did not submit a travel voucher. The OAS Director stated that even when reports from Citi Bank’s SmartPay system were used, employees were only notified on an ad hoc basis. The OAS Director stated that it was the employee’s responsibility to submit travel vouchers and

¹⁶ “Sponsored Transactional Travel” (Export-Import Bank OIG/OIG-AR-10-04, June 2010).

¹⁷ “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

pay their travel cards on time. We found that OAS did not properly monitor compliance with the FTR and Ex-Im Bank travel policy's requirement for travelers to submit travel vouchers within five work days after completion of a trip.

Federal Standards for Internal Control Require Compliance with Applicable Laws and Regulations

GAO "Standards for Internal Control in the Federal Government" state that internal controls should provide reasonable assurance that objectives of the agency are being achieved in compliance with applicable laws and regulations. Further, management should establish, monitor, and communicate the effectiveness of internal controls to ensure that the agency is achieving its compliance requirements under various laws and regulations.

Based on our projection of the statistical sample of 31 sponsored transactional travel trips, we found that more than half of all sponsored travelers were not in compliance with the FTR and Ex-Im Bank's travel policy requiring employees to submit travel vouchers within five work days after completion of trips. Ex-Im Bank did not effectively monitor travel vouchers for compliance with FTR and the Ex-Im Bank travel policy. As a result, no effective mechanisms were in place to identify non-compliance with the FTR and communicate the non-compliance to Ex-Im Bank senior management. Without an effective internal control system identifying and communicating non-compliance with applicable laws and regulations, senior management could not make decisions and establish controls to correct the situation.

Recommendations, Management's Response, and Evaluation of Management's Response

To improve Ex-Im Bank's compliance with Federal Travel Regulation requirements to submit travel vouchers within five work days after the completion of a trip, the Office of Administration and Security should:

1. Establish effective control activities over submission of the sponsored travel vouchers that ensure management's directives are carried out. To include, clearly identifying the roles, responsibilities, and accountability of individual travelers, direct supervisors, SVPs, and of the Office of Administration and Security.
 - a. Provide training to Ex-Im Bank employees over the roles, responsibilities, and accountability of individuals and the Office of Administration and Security.

Management's Response. Management agrees with the recommendation. OAS will establish effective control activities over submission of the sponsored travel vouchers to ensure management's directives are carried out. OAS will identify the roles, responsibilities, and accountability of Bank staff regarding employee sponsored travel and provide training to the appropriate Bank staff.

Management would like to note that the FTR and Bank policy requirements for travel voucher submission are measured by work days, while the OIG report uses calendar days in Figure 1 and 2, as well as the discussion in that section of the report.

Evaluation of Management's Response. Management's proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the proposed actions.

The OIG used both work days and calendar days. As discussed in the report, the FTR and Bank policy required employees to submit travel vouchers within five work days after completion of a trip. The OIG used work days to determine the required submission date. The OIG used calendar days to show the number of days the outstanding travel vouchers exceeded the required submission date.

2. Establish reporting procedures over sponsored travel that allow for information to be communicated to management and others within the agency who need it and in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

Management's Response. Management agrees with the recommendation. OAS will establish reporting procedures over sponsored travel that allow for communication to the appropriate Bank staff and management to enhance compliance with internal controls.

Evaluation of Management’s Response. Management’s proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the proposed actions.

Ex-Im Bank Did Not Report Nine Sponsored Conference Payments Totaling \$16,159 to the Office of Government Ethics

Ex-Im Bank did not report to OGE all sponsored conference payments received from non-federal Sources, as required by FTR. We found that Ex-Im Bank did not report 15 percent or nine out of 60 sponsored conference payments totaling \$16,159.¹⁸ OGC did not report all sponsored conference payments because OGC did not establish strong internal controls to ensure that the data it used to determine required, reportable payments was complete and accurate. In addition, the Ex-Im Bank Travel policy did not address the requirement to report sponsored conference payments to OGE, and as a result, Ex-Im Bank did not comply with FTR's requirement to report complete and accurate payments received from non-federal sources for sponsor conference travel and the public was denied complete information over the payments Ex-Im Bank received from non-federal sources.

Ex-Im Bank is Required to Report Sponsored Conference Travel Payments Accepted from Non-Federal Sources

Chapter 304 of the FTR requires agencies to submit SF 326, "Semiannual Report of Payments Accepted from a Non-Federal Source" to report payments received from non-federal sources over \$250 for sponsored conference travel.¹⁹ Specifically, FTR requires federal agencies to:

- a) "Submit the Standard Form 326 no later than May 31 for payments received from the preceding October 1 through March 31"; and
- (b) "Submit the Standard Form 326 no later than November 30 for payments received from the preceding April 1 through September 30."

FTR states that "OGE is responsible for making the information provided by the agencies available to public. It is each agency's responsibility to file the accurate and complete reports and to make the appropriate conflict of interest analysis."²⁰

In addition, GAO's "Standards for Internal Control in the Federal Government" state that internal controls should provide reasonable assurance that the objectives of the agency are being achieved in the following categories: (1) reliability of reports for internal and external use, and (2) compliance with applicable laws and regulations.²¹

¹⁸ We identified 60 reportable payments by using FAS-t data provided by OCIO for all sponsored conference completed trips from March 2011 to March 2013. We only identified reportable payments if the completed trips were \$250 or more. We estimated the total of payments not reported by using the estimates of travel costs maintained in FAS-t and provided by OCIO.

¹⁹ See FTR, 41 C.F.R. § 304-6.4.

²⁰ See FTR, 41 C.F.R. § 304-6.9.

²¹ "Standards for Internal Control in the Federal Government" (GAO/AIMD-00-21.3.1, November 1999).

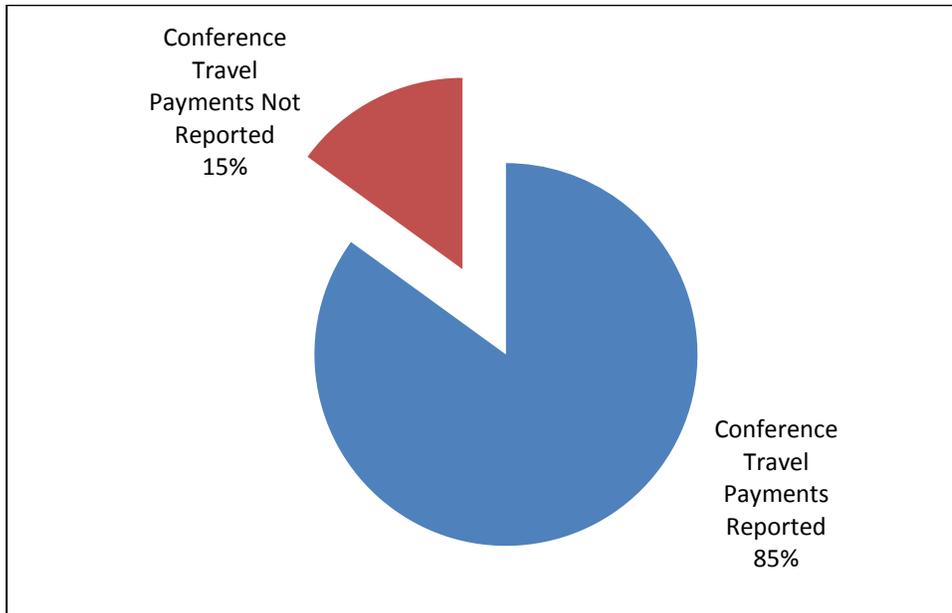
Nine Sponsored Conference Payments Totaling \$16,159 Were Not Reported to the Office of Government Ethics

We found that Ex-Im Bank did not report all sponsored conference payments as required by the FTR. From March 2011 to March 2013, we identified 60

OGC did not report, to the Office of General Ethics, 15 percent of reportable payments, totaling an estimate of \$16,159.

reportable sponsored conference travel payments totaling an estimated \$109,577.²² However, OGC did not report to OGE 15 percent or nine payments of the identified reportable payments received from non-federal sources, totaling an estimate of \$16,159. OGC only reported 51 of the 60 sponsored conference travel payments. Reported and not reported sponsored conference payments are illustrated in Figure 3.

Figure 3. Sponsored Conference Payments Not Reported
March 2011 – March 2013



Source: OIG analysis based off of information received from the Chief Information Officer using FAS-t and OGC SF 326 reports.

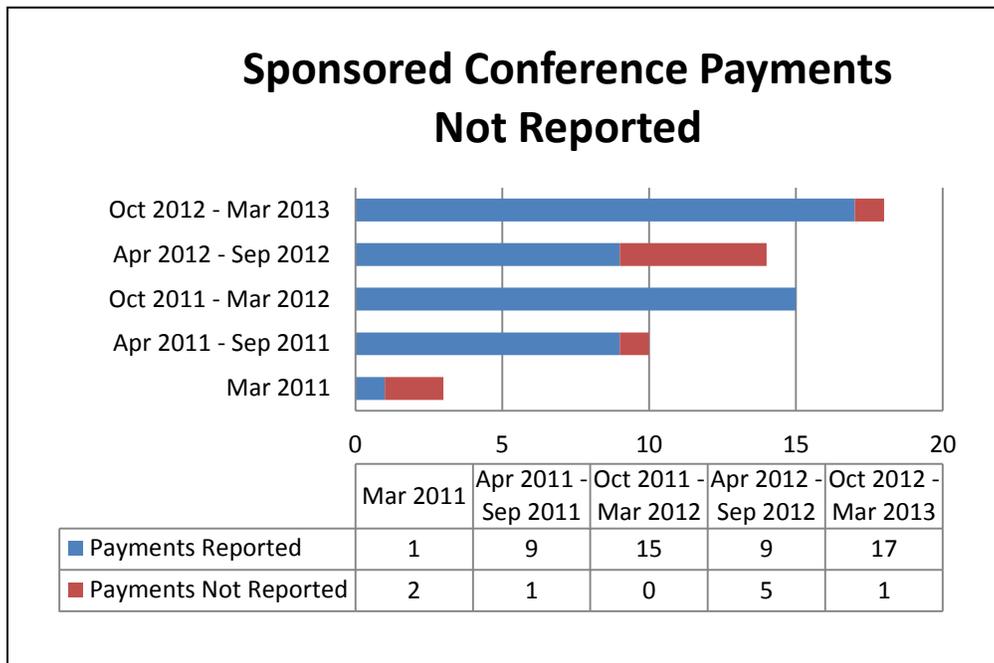
We determined that five out of nine sponsored conference payments not reported to OGE took place in one reporting period out of the five reporting periods reviewed. Specifically, OGC did not report five payments from non-federal sources in one reporting period from April 1, 2012 to September 30, 2012. OGC did not report two payments from non-federal sources in the reporting period from October 2010 to March 2011.²³ OGC did not report one payment received from non-federal sources from April 2011 to September 30, 2011 and one payment received from October 1, 2012 to March 31, 2013. OGC reported all

²² We estimated the total of payments by using the estimates of travel costs maintained in FAS-t and provided by OCIO.

²³ During the period from October 2010 to March 2011, we only identified the reportable sponsored conference payments for the month of March 2011 because our scope was from March 2011 to March 2013.

payments received from October 1, 2011 to March 31, 2012. The payments that were not reported are identified per period in Figure 4.

Figure 4. Payments Not Reported per Period
March 2011 – March 2013



Source: OIG analysis based off of information received from the OCIO using FAS-t and OGC SF 326 reports.

Verification of Data Not Performed

GAO’s “Standards for Internal Controls in the Federal Government” states that control activities, including verifications and reconciliations, help to ensure that all transactions are completely and accurately recorded.²⁴ However, OGC did not establish procedures to help ensure complete reporting and recording of payments from non-federal sources for sponsored conference payments. We found that OGC did not reconcile or verify sponsored conference payment information that it received from the OCIO with any other source to ensure that the list was complete. OGC relied on the OCIO to provide a list of all sponsored conference payments and did not have direct access to the historical travel data in the FAS-t system.²⁵ Therefore, OGC did not perform an independent check to ensure that OGC captured all of the required, reportable payments from non-federal sources. An illustration describing OGC’s reporting process is included in Appendix F.

Furthermore, OGC experienced employee turnover during the reporting periods under review. In response to why OGC did not report all sponsored conference payments to OGE,

²⁴ “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

²⁵ During the course of our audit, OGC stated that they gained access to historical travel data maintained in FAS-t.

OGC officials stated that they could not provide a specific answer. OGC officials stated that most of the office staff is new, and the current officials were not employed at Ex-Im Bank during the period under review from March 2011 to March 2013.

Weakness in Internal Controls Led to Incomplete Reporting

Ex-Im Bank failed to properly implement GAO’s “Standards for Internal Control in the Federal Government.” GAO’s “Standards for Internal Control in the Federal Government” states that internal controls should provide reasonable assurance that the objectives of the agency are being achieved in the following categories: (1) reliability of reports for internal and external use, and (2) compliance with applicable laws and regulations.²⁶ We found that Ex-Im Bank did not report \$16,159 or 15 percent of the number of payments received from non-federal sources to OGE and did not establish a policy to address OGE reporting for sponsored conference payments. In addition, Ex-Im Bank did not comply with FTR’s requirement to report complete and accurate payments received from non-federal sources for sponsor conference travel and the public was denied complete information over the payments Ex-Im Bank received from non-federal sources.

²⁶ “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

Recommendations, Management’s Response, and Evaluation of Management’s Response

To improve controls over Ex-Im Bank’s requirement to report payments received from non-federal sources to the Office of General Ethics, the Office of General Counsel should:

1. Establish mechanisms to obtain specific, measurable, and reliable data in order to ensure that OGC reports all required payments received from non-federal sources, including verification, reconciliation, and documentation of data.

Management’s Response. Management agrees with the recommendation. OGC will work with OAS and the Office of the Chief Information Officer (OCIO) to establish mechanisms to obtain specific, measurable, and reliable data in order to ensure OGC complies with OGE reporting requirements for payments received from non-federal sources.

Evaluation of Management’s Response. Management’s proposed actions are responsive; therefore, the recommendation is resolved and will be closed upon completion and verification of the proposed actions.

Ex-Im Bank Complied with Regulations over Procedures to Accept Payments from Non-Federal Sources for Sponsored Travel

Ex-Im Bank had adequate controls over some aspects of its sponsored travel program. For example:

- Ex-Im Bank employees properly completed travel authorizations for sponsored transactional and conference travel.
- Ex-Im Bank properly followed procedures to accept payments from non-federal sources for sponsored transactional and conference travel.
- Ex-Im Bank's OCFO properly billed and collected reimbursements due from non-federal sources for sponsored transactional travel.

Ex-Im Bank employees properly completed travel requests for sponsored transactional travel. CFR states that “an employee requesting approval of payment of travel expenses by a non-Federal source under this part shall submit to the employee's supervisor (except in the case of Board members) and the DAEO a written description of the following: the nature of the meeting or similar event and the reason that it cannot be held at Ex-Im Bank, the date(s) and location of the meeting or similar event, the identities of all participants in the meeting or similar event, the name of the non-Federal source offering to make the payment, the amount and method of the proposed payment, and the nature of the expenses.”²⁷ We reviewed the statistical sample of 31 sponsored transactional travel requests out of a population of 343 sponsored transactional travel requests to verify whether the employee submitted all the relevant information according to the CFR, and we found that for all 31 sponsored transactional travel requests in the sample, employees included the required information as set forth by the CFR.

Ex-Im Bank employees properly completed travel requests for sponsored conference travel. FTR states that an employee may accept payment from a non-federal source for sponsored conference travel expenses, but only when the agency specifically authorizes such acceptance and approves acceptance of such payment in advance of travel.²⁸ Before authorizing such acceptance, an agency must be guided by all relevant considerations including the identity of the non-federal source; purpose of the meeting; identity of other expected participants; nature and sensitivity of any matter pending at the agency which may affect the interest of the non-federal source; significance of the employee's role in any such matter; and the monetary value and character of the travel benefits offered by the non-federal source.²⁹ We reviewed documentation for a statistical sample of 25 sponsored conference travel requests out of a population of 89 sponsored conference travel requests to verify the dates that approvals were obtained, and we found that employees received

²⁷ 12 C.F.R. § 412.7(b), “Acceptance of Payment from a non-Federal Source for Travel Expenses,” January 1, 2005.

²⁸ See FTR, 41 C.F.R. § 304-3.3.

²⁹ See FTR, 41 C.F.R. § 304-5.3.

approval for 23 out of 23 sponsored conference travel requests in advance of travel. Two trips were not tested for approval because one trip was cancelled and one trip was disapproved. In addition, we reviewed travel request documentation from the statistical sample of 25 sponsored conference travel requests to verify whether the employee submitted all the relevant information according to the FTR, and we found that for all 25 sponsored conference travel requests in the sample, employees included the required information as set forth by FTR.³⁰

Ex-Im Bank properly followed procedures to accept payments from non-federal sources for sponsored transactional travel. CFR states that the employee's immediate supervisor and Ex-Im Bank's designated agency ethics official or his/her designee must approve any sponsored transactional travel offer and acceptance of payment and must make a conflict of interest analysis. In addition, Ex-Im Bank employees are prohibited from soliciting sponsored travel from non-federal sources.³¹ For the sample of 31 sponsored transactional travel requests out of 343 sponsored transactional travel requests, we reviewed supporting documentation to determine whether sponsors offered payment of travel expenses. We also reviewed travel request documentation to determine whether the employee's supervisors and OGC approved the travel requests before employees accepted payment.

We found that for 30 out of 31 sponsored transactional travel requests, travel request documentation included offers from the sponsor to pay travel expenses. One travel request did not require a sponsor letter or approval because the request was cancelled. We also found that OGC (the designated agency ethics official) and employee supervisors reviewed all 30 sponsored transactional travel requests before approving and accepting a payment from a non-federal source, as required by CFR.³² OGC stated that before approving sponsored transactional travel requests, they checked the requests for potential conflicts of interest and to determine whether the trip was solicited. In addition to CFR requirements, we found that the OAS Director performed a final review of the sponsored travel requests to ensure that approvals were received from the employee's supervisor and OGC and appropriate documentation was maintained. We found that the OAS Director properly reviewed the 30 sponsored transactional travel requests out of the population of 343 sponsored transactional travel requests.

Ex-Im Bank properly followed procedures to accept payments from non-federal sources for sponsored conference travel. FTR states that an agency may authorize an employee to accept payment from a non-federal source only when the agency authorizes the payment prior to travel; the travel is in the interest of the government; the travel relates to the employee's official duties; and the non-federal source is not disqualified due

³⁰ We verified that employees submitted the required documentation set forth in FTR, except documentation for the nature and sensitivity of any matter pending at the agency which may affect the interest of the non-Federal source because this information was not identifiable through the documentation reviewed.

³¹ 12 C.F.R. § 412.3(b), "Acceptance of Payment from a non-Federal Source for Travel Expenses," January 1, 2005.

³² 12 C.F.R. § 412.7(b), "Acceptance of Payment from a non-Federal Source for Travel Expenses," January 1, 2005.

to a conflict of interest under FTR Section § 304-5.3.³³ In addition, Ex-Im Bank employees are prohibited from soliciting sponsored conference travel payments from non-federal sources.³⁴ For the statistical sample of 25 sponsored conference travel requests out of 89 sponsored conference travel requests, we reviewed travel request documentation to determine whether the employee's supervisors and OGC approved the travel requests before employees accepted payment, indicating that the officials reviewed the trip to determine it was in the interest of the government for official duties and a conflict of interest did not exist. We also reviewed supporting documentation to determine whether sponsors offered payment of travel expenses, and the employees did not solicit a payment.

We found that for all 25 sponsored conference travel requests out of a population of 89 sponsored conference travel requests, OGC and employee supervisors reviewed 23 sponsored conference travel requests before approving and accepting a payment from a non-federal source, as required by FTR. We did not test two trips because the trips were cancelled or disapproved. In addition, we found that for the 23 sponsored conference travel requests, travel request documentation included offers from the sponsor to pay travel expenses. OGC stated that before approving sponsored conference travel requests, they checked the requests for potential conflicts of interest and to determine whether the trip was solicited. In addition to FTR requirements, we found that the OAS Director performed a final review of the sponsored travel request to ensure that approvals were received from the employee's supervisor and OGC and appropriate documentation was maintained. We found that the OAS Director properly reviewed the 23 sponsored conference travel requests out of the population of 89 sponsored conference travel requests.

Ex-Im Bank's OCFO properly billed and collected reimbursements due from non-federal sources for sponsored transactional travel. The CFR states that Ex-Im Bank may accept payment from a conflicting non-federal source if the requirements under section 412.7 "Conditions for Acceptance"³⁵ are met and the employee's supervisor (except in the case of Board members) and the DAEO determine that Ex-Im Bank's interest in the employee's attendance at or participation in the meeting or similar event outweighs concern that acceptance of the payment by Ex-Im Bank may cause a reasonable person to question the integrity of Ex-Im Bank's programs and operations.³⁶ We found that OCFO properly billed and collected payments owed by non-federal sources for sponsored transactional travel. We reviewed 31 sponsored transactional trips and determined that 27 trips required Ex-Im Bank to bill the sponsor for reimbursement. Three trips were paid in advance or paid-in-kind and did not require a bill.³⁷ One trip was cancelled and did not require a bill. To ensure that the proper amount was billed, we reviewed the employee's travel voucher documentation identifying the amount the sponsor should be billed, the bill sent to the sponsor, and data in the AAA system identifying the amount that was received

³³ See FTR, 41 C.F.R. § 304-5.1.

³⁴ See FTR, 41 C.F.R. § 304-3.5.

³⁵ 12 C.F.R. § 412.7, "Acceptance of Payment from a non-Federal Source for Travel Expenses," January 1, 2005.

³⁶ 12 C.F.R. § 412.9, "Acceptance of Payment from a non-Federal Source for Travel Expenses," January 1, 2005.

³⁷ Depending on the agreement between the sponsor and Ex-Im Bank, the sponsor had an option to pay the travel expenses in advance, pay in-kind, or reimburse Ex-Im Bank for the travel expenses.

for the trip. We found that the OCFO properly billed and collected reimbursement from the sponsor for all 27 transactional trips requiring the billing of the sponsor.

Furthermore, we found that Ex-Im Bank established adequate internal controls over the billing and collection process as suggested by GAO's "Standards for Internal Controls in the Federal Government."³⁸ We found that OCFO:

- established written procedures to guide the billing and collection process for sponsored travel;
- monitored travel vouchers that required a bill to the sponsor by reviewing the "Unbilled Receivables Report;"³⁹
- monitored outstanding bills that were sent to sponsors by sending delinquent bills to sponsors on a bi-weekly basis; and
- distributed a "Sponsor Travel Due by Division" monthly report to divisions where employees had an outstanding bill from a sponsor. The "Sponsor Travel Due by Division" report allowed employees an opportunity to personally contact sponsors who did not reimburse Ex-Im Bank for travel expenses.

Ex-Im Bank was in Compliance with Regulations over Procedures to Accept Payment from Non-Federal Sources for Sponsored Travel

Through the work conducted over a statistical sample of the population of sponsored transactional and conference travel, we were able to determine that during the period under review, Ex-Im Bank employees who participated in sponsored transactional and conference travel properly completed travel authorizations in accordance with CFR.⁴⁰ In addition, we also found that during the period under review Ex-Im Bank properly followed procedures to approve and accept payments from non-federal sources. For sponsored transactional trips billed to the sponsor, we found that the OCFO properly billed and collected reimbursements due from non-federal sources.⁴¹ In addition, the OCFO established internal controls that provided reasonable assurance that payments from non-federal sources were billed accurately and the amounts were reimbursed.

³⁸ "Standards for Internal Control in the Federal Government" (GAO/AIMD-00-21.3.1, November 1999) states that "Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements for budget development and execution." "Internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. It is performed continually and is ingrained in the agency's operations."

³⁹ The OCFO's "Unbilled Receivables Report" identified reimbursements that were not yet billed to the sponsor after employees submitted travel vouchers.

⁴⁰ 12 C.F.R. § 412, "Acceptance of Payment from a non-Federal Source for Travel Expenses," January 1, 2005.

⁴¹ We did not review billing and collection of travel expenses for sponsored conference travel because Ex-Im Bank's procedures were the same for sponsored transactional and conference travel expenses. Therefore, only testing sponsored transactional trips provided a reasonable basis to determine whether Ex-Im Bank properly billed and collected reimbursement from sponsors.

Follow-up Audit Results on Prior Recommendations

GAO’s “Standards for Internal Controls in the Federal Government” states “monitoring of internal control should include policies and procedures for ensuring that the findings of audits and other reviews are promptly resolved.” “The resolution process begins when audit or other review results are reported to management, and is completed only after action has been taken that (1) corrects identified deficiencies, (2) produces improvements, or (3) demonstrates the findings and recommendations do not warrant management action.”⁴²

We found that two of the three recommendations issued in the OIG’s prior audit report “Sponsored Transactional Travel,” have been resolved.⁴³ However, the prior recommendation to establish a policy and a procedure to follow-up on travel vouchers that have not been submitted within five business days after completion of a trip has not been resolved. We found that deficiencies still exist in Ex-Im Bank’s ability to submit travel vouchers within five business days after completion of a trip, as required by FTR and Ex-Im Bank’s Travel Policy. Though Ex-Im Bank has taken action to improve internal controls over the authorization and billing areas of the sponsor travel program, improvements are still needed to ensure compliance with FTR and Ex-Im Bank’s Travel Policy and to resolve audit findings.

Prior Audit Recommendation One Was Not Implemented

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

Background. The OIG made this recommendation because it found in its review of 39 sponsored transactional trips completed by Ex-Im Bank employees, 15 travel vouchers were submitted more than five work days after completion of a trip. OIG also found that OAS did not have a policy or procedure to follow-up on non-receipt of vouchers. As a result, Ex-Im Bank did not always have the necessary information to bill sponsors in a timely manner because not all travelers submitted vouchers within five work days after completion of a trip.

Prior Management Response. OAS developed a recommended procedure for following up on the Bank’s travel vouchers when they were not submitted within the established time frame of five days, per the Export-Import Bank Travel Policy. If the traveler’s voucher had not been received four business days after return from a trip, an email notification would be sent to the traveler. If the traveler’s voucher was not received 10 business days upon return of trip, an email notification would be sent out to the traveler and his direct supervisor notifying them of the delay.

⁴² “Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1, November 1999).

⁴³ “Sponsored Transactional Travel” (Export-Import Bank OIG/OIG-AR-10-04, June 2010).

Current Audit Results. As discussed in this report, we found that OAS did not implement the prior recommendation to establish an effective policy and procedure to follow-up on travel vouchers not submitted within five work days after completion of a trip, as required by FTR and Ex-Im Bank's Travel Policy. In addition, we found that from a statistical sample of 31 sponsored transactional trips out of 343 sponsored transactional trips, 18 vouchers or 58 percent of the sample were not submitted within five work days after completion of a trip. As a result, we found that Ex-Im Bank did not have an effective internal control system in place to govern compliance with FTR and its own requirement to submit travel vouchers within five business days after completion of a trip.

Status. With this report, OIG is closing prior audit "Sponsored Transactional Travel" Recommendation One and modifying and reissuing it as Recommendation One and Two to establish effective internal controls over submission of the travel sponsor vouchers.

Current Recommendations One and Two. To improve Ex-Im Bank's compliance with Federal Travel Regulation requirements to submit travel vouchers within five work days after the completion of a trip, the Office of Administration and Security should:

1. Establish effective control activities over submission of the sponsored travel vouchers that ensure management's directives are carried out. To include, clearly identifying the roles, responsibilities, and accountability of individual travelers, direct supervisors, SVPs, and of the Office of Administration and Security.
 - a. Provide training to Ex-Im Bank employees over the roles, responsibilities, and accountability of individuals and the Office of Administration and Security.
2. Establish reporting procedures over sponsored travel that allow for information to be communicated to management and others within the agency who need it and in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

Prior Audit Recommendation Two and Three Were Implemented

The OIG recommended the following under recommendations two and three.

- (2) The OAS Director should establish a procedure to review travel authorizations for accuracy.
- (3) The Assistant Controller should establish procedures to review bills for accuracy prior to sending the bills to sponsors.

Background. The OIG made both recommendations because it found that Ex-Im Bank did not receive the total reimbursement amount from the sponsor in four of the 39 sponsored transactional trips that it reviewed.

- Two of the cases had discrepancies between the amount billed and the amount that should have been billed.
- One case was not billed to the sponsor and Ex-Im Bank's OCFO wrote off \$1,780.
- One case was incorrectly classified as regular travel (non-sponsored) and OCFO never sent a bill. The amount of the reimbursable travel expense was \$1,499.

Prior Management Response. Management concurred with the recommendations and stated that OAS would enhance the current review and compliance procedures for this process. Additionally, management stated that procedures would be established for the Office of Controller within the OCFO to review all bills for accuracy prior to sending them to sponsors.

Current Audit Results. We found from a statistical sample of 31 travel authorizations and vouchers, OCFO properly billed all sponsors that were required to be billed, and Ex-Im Bank collected the billed amounts from all sponsors that were required to be billed. The results of the sample provided reasonable assurance that the procedures were effective and functioning as intended.

Further, we found that OAS established an effective review process and procedure to ensure that sponsored travel trips were authorized correctly. OAS used an automated travel system – FAS-t – for the authorization, acceptance, and approval of sponsored trips. FAS-t allowed all relevant officials to review all relevant information, such as travel expense amounts and sponsor portion amounts, and approve the authorizations electronically. In addition, the OCFO developed written internal procedures that provided reasonable assurance that control activities were in place to accurately bill sponsors.

Status. We will close prior audit "Sponsored Transactional Travel" recommendation two and three based on the audit results identified in this report, indicating that Ex-Im Bank made improvements and took actions that met the intent of our prior recommendations.

Scope and Methodology

We performed this audit from May 2013 through June 2013 and October 2013 through April 2014 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 findings. We believe that the evidence provides a reasonable basis for our findings and conclusions based on our objectives.

Our objectives were to determine whether Ex-Im Bank complied with federal and agency regulations pertaining to sponsored travel and to evaluate the Bank's processes and supporting documentation for approving and accepting sponsored travel requests, billing sponsors, and collecting reimbursements from sponsors. In addition, our objective was to follow-up on corrective actions implemented as a result of our previous audit report, "Sponsored Transactional Travel" (OIG-AR-10-04), June 4, 2010. To address our objectives, we reviewed applicable laws, regulations, and Ex-Im Bank policies and procedures; and applicable reports of external entities, such as GAO. We also statistically selected and reviewed a sample of 31 sponsored transactional travel authorizations out of 343 sponsored transactional travel authorizations between January 2011 and April 2013 and a sample of 25 sponsored conference travel authorizations out of 89 sponsored conference travel authorizations between March 2011 and April 2013. We obtained the population of sponsored transactional and conference travel by using travel information maintained in FAS-t and provided by the OCIO.

We statistically selected both samples using a confidence interval of 10 percent and a confidence level of 95 percent. However, due to the high variability of our testing results for travel vouchers submitted within five work days after completion of a trip, we adjusted the confidence interval to 17 percent and maintained a confidence level of 95 percent for the projection of the sample to the population for travel vouchers that were or were not submitted within five business days after completion of a trip. We coordinated with Econometrica Inc., our co-source, to identify both statistical samples.

To evaluate Ex-Im Bank's overall travel sponsor program, we interviewed responsible officials from Ex-Im Bank's OAS, OGC, and OCFO. In addition, we reviewed supporting travel acceptance and approval documentation maintained in FAS-t; supporting travel voucher documentation maintained by OAS; supporting billing and collection information maintained by the OCFO; and supporting documentation maintained by OGC. We also performed the following tasks:

- Evaluated Ex-Im Bank's processes and procedures for approving, accepting, billing, and collecting payments from non-federal sources for sponsored travel.

- Reviewed OIG’s prior audit report, “Sponsored Transactional Travel,” (OIG-AR-10-04), June 4, 2010, to identify previously reported opportunities for improvement and to follow-up on OIG’s prior audit recommendations.
- Developed a review checklist based on FTR requirements and Ex-Im Bank’s policies and procedures, and tested both samples and supporting documentation to determine whether Ex-Im Bank properly approved and accepted sponsored transactional and conference travel payments.
- Reviewed and tested the sample of 31 sponsored transactional payments out of a population of 343 sponsored transactional payments to determine whether OCFO properly billed sponsors. We examined travel vouchers, bills sent to sponsors, and supporting documentation, such as sponsor letter agreements, to determine the amounts that the sponsor agreed to pay and to verify that OCFO properly billed the sponsors. We did not test the sample of 25 sponsored conference payments because the process for billing sponsors for conference and transactional payments was the same and the work performed over sponsored transactional payments provided a reasonable basis to determine whether OCFO properly billed sponsors.
- Reviewed and tested the sample of 31 sponsored transactional payments out of a population of 343 sponsored transactional payments to determine whether Ex-Im Bank collected reimbursement for sponsored transactional travel expenses billed by OCFO. We examined OCFO accounting reports maintained in the AAA system to determine the amounts received by the sponsors. We did not test the sample of 25 sponsored conference payments because the process for collecting reimbursements from sponsors was the same and the work performed over sponsored transactional payments provided a reasonable basis to determine whether OCFO collected reimbursements from sponsors.
- Reviewed the population of 89 sponsored conference travel payments obtained from FAS-t, and cross-checked the population with SF 326 reports submitted by OGC to OGE to determine whether OGC reported all required sponsored conference travel payments received from non-federal sources over \$250, as required by FTR for only sponsored conference payments.

Review of Internal Controls

We reviewed and evaluated the internal controls associated with Ex-Im Bank’s sponsor travel program to determine whether the Bank complied with federal and agency travel requirements and to follow-up on prior recommendations issued over the sponsor travel program. As discussed in the report, we found that Ex-Im Bank established adequate internal controls, but further internal control mechanisms are needed to ensure full compliance with federal and agency requirements and to resolve all prior audit findings over the sponsored travel program. In addition, we assessed controls associated with the approval, acceptance, billing and collection of payments from non-federal sponsors for

travel and related expenses. Our recommendations, if implemented, should correct the weaknesses we identified in the report.

Federal Laws, Regulations, Policies, and Guidance

We reviewed the following during the course of our audit:

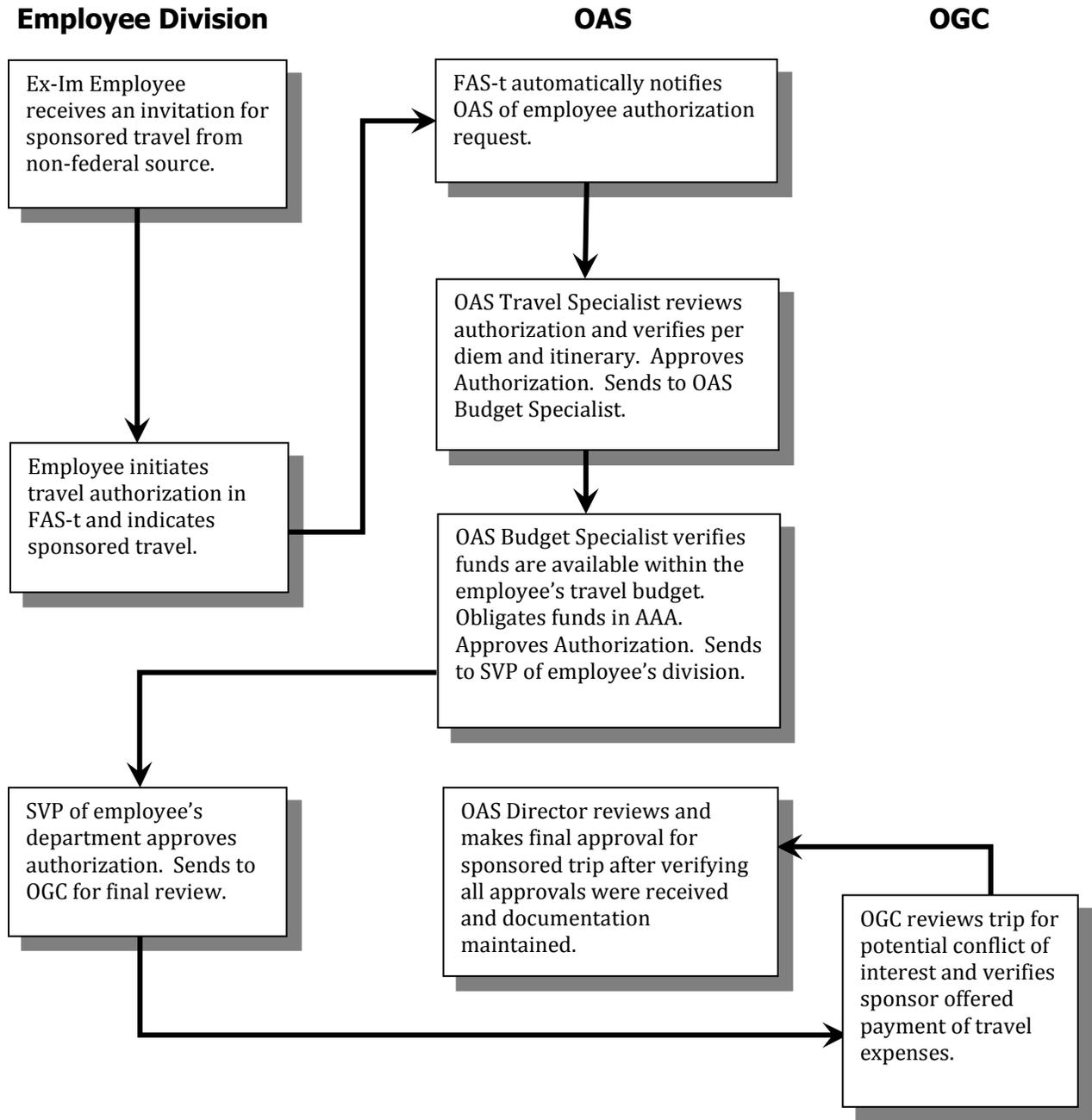
- USC Title 12 “Banks and Banking,” Chapter 6, “Export and Import Bank of the United States,” § 635 “Powers and functions of Bank.” (2013).
- USC Title 31 “Money and Finance,” Chapter 13, “Appropriations,” § 1353 “Acceptance of Travel and Related Expenses from Non-Federal Sources” (2009).
- CFR Title 5 “Administrative Personnel,” Chapter 16 “Office of Government Ethics,” § 2635 “Standards of Ethical Conduct for Employees of the Executive Branch”.
- CFR Title 41 “Public Contracts and Property Management,” Chapter 304, “Payment of Travel Expenses from a Non-Federal Source” (Federal Travel Regulation).
- CFR Title 12 “Banks and Banking,” Part 412, “Acceptance of Payment from a Non-Federal Source For Travel Expenses.”
- GAO, “Standards for Internal Control in the Federal Government,” (GAO/AIMD-00-21.3.1, November 1999).
- Office of Management and Budget Circular No. A-129, “Policies for Federal Credit Programs and Non-Tax Receivables,” Part IV, “Managing the Federal Government’s Receivables,” and Part V, “Delinquent Debt Collection,” January 2013 revision.
- OGE Memorandum DO-03-023, “Reporting Payments Accepted Under 31 U.S.C. § 1353,” November 18, 2003.
- Department of the Treasury’s Financial Management Service “Managing Federal Receivables,” May 2005.

Prior Coverage

During the last five years, the Ex-Im Bank OIG issued one report of particular relevance to the subject of this report. Ex-Im Bank OIG issued “Sponsored Transactional Travel,” (OIG-AR-10-04, June 4, 2010). This report can be accessed over the Internet at <http://www.exim.gov/oig/reports/audits-and-evaluations.cfm>. GAO did not issue any reports of particular relevance to the subject of this report.

APPENDIX B

Ex-Im Bank’s Approval Process for Sponsored Travel Authorizations



APPENDIX C

Ex-Im Bank’s Travel Request Form Using FAS-t

Travel Request Form
 Status: Draft

TO REQUEST APPROVAL OF THE PROPOSED TRAVEL DESCRIBED BELOW:

Travel Request for Exim Employee Advisory Committee Member

NAME OF TRAVELER TITLE

DIVISION OR OFFICE PHONE NUMBER

LEAVING ON OR AFTER APPROXIMATE DATE OF RETURN PERSONAL LEAVE/TRAVEL INCLUDED Yes No

TYPE OF TRAVEL: Admin Non-admin Sponsor

COMMENTS:

ITINERARY AND MODE OF TRAVEL: Domestic International

COMMENTS:

DESTINATION CITY: STATE: COUNTRY:

PURPOSE OF OFFICIAL TRAVEL (Give specific information for each official stop):

SPECIAL REQUESTS:

Request for Actual Expense

Business Class Request

Certification for the use of Non Contract Air Carriers

Travel Payments for Transaction-Related Travel

Transaction Name:

Transaction Number:

Purpose of Trip:

Participants Attending:

Location and Dates of Meeting:

Non-federal source offering to pay:

Proposed Cost of Travel:

Sponsor portion:

Exim Bank portion:

Can meeting be held in same location as duty station? Yes No

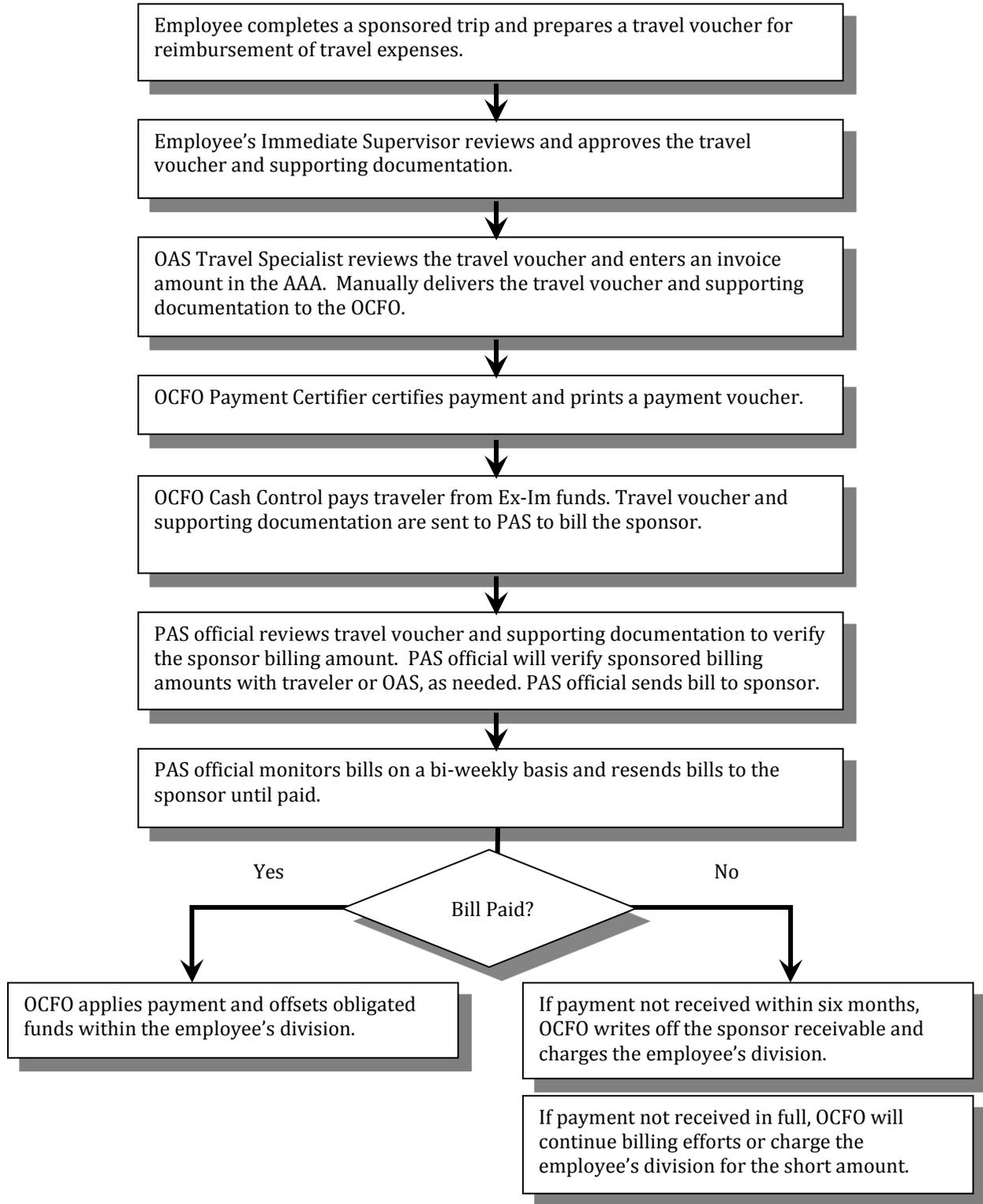
Justification:

Travel Payments to a Conference or Seminar

Justification:

APPENDIX D

Ex-Im Bank’s Billing and Collection Process



APPENDIX E

Form EXB-2011-1, "Request for Reimbursement of Actual Expenses"



Travel Policy Program
Request for Reimbursement of Actual Expenses

This is to certify that _____
Traveler

under travel order # _____

was unable to find reasonable lodging accommodations in _____
City

for Travel Dates _____

because of the following Federal Travel Regulations (FTR) conditions (please check):

- Lodging and/or meals are at the site where the meeting, conference, or training session is held. [FTR 301-11.300\(a\)](#)
- Costs have escalated due to special events; lodging and meals within allowed per diem are not available nearby; and costs to commute would consume most or all of the savings from less expensive lodging. [FTR 301-11.300\(b\)](#)
- The requirements of the mission. [FTR 300-11.300\(c\)](#)
- For security reasons, the US Embassy recommends specific lodging. [FTR 300-11.300\(d\)](#)

Explanation/Justification

The proposed itinerary is showing the best available lodging rate and location of the closest available per diem lodging. This is an official trip and is considered necessary for the mission of the Export Import Bank of the United States.

Traveler's Signature Date

Supervisor's Signature Date

Please Print Supervisor's Name

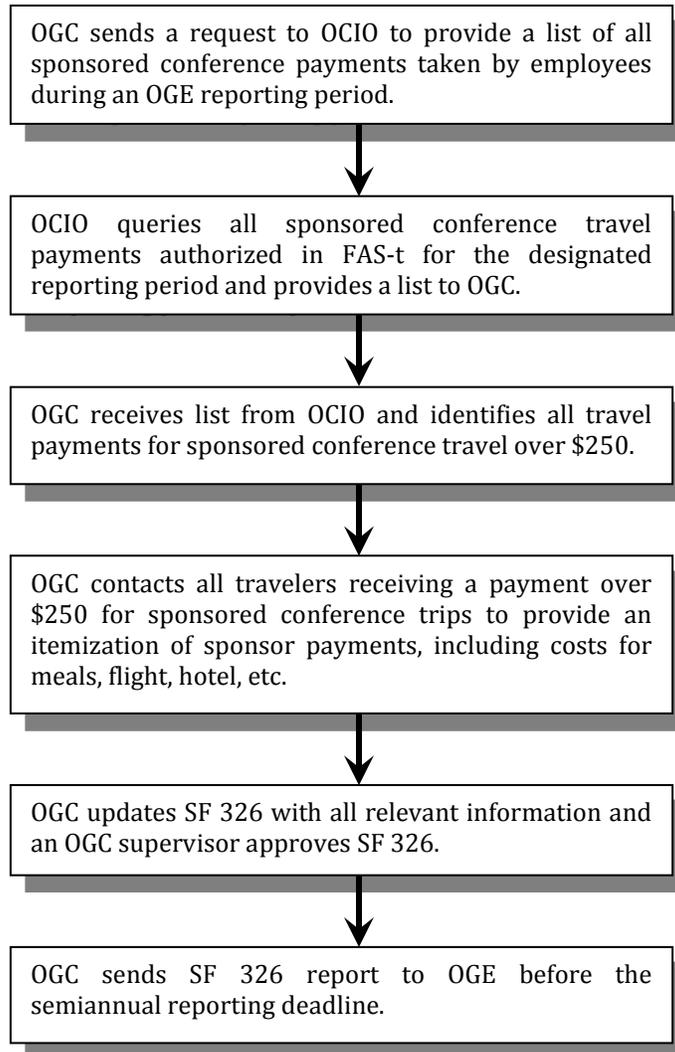
OAS Signature Date

Please Print OAS Name

EXB-11-01

APPENDIX F

OGC Reporting Process to OGE for Sponsored Conference Payments



Management Comments



EXPORT-IMPORT BANK
OF THE UNITED STATES

April 21, 2014

Osvaldo Gratacós
Inspector General
Office of the Inspector General
Export-Import Bank of the United States
811 Vermont Avenue NW
Washington, DC 20571

Dear Inspector General Gratacós:

Thank you for providing the Export-Import Bank of the United States (“Ex-Im Bank” or “the Bank”) Management with the Office of the Inspector General’s (OIG) report on “Ex-Im Bank’s Sponsored Travel: Improvements Made but Opportunities Exist to Fully Comply with the Federal Travel Regulation” (OIG-AR-14-05, April 9, 2014). Management appreciates and continues to support the OIG’s work and audits which complement the Bank’s efforts to continually improve its processes. Ex-Im Bank is proud of the strong and cooperative relationship it has with the OIG.

Management is pleased that the OIG recognized the efforts of the Bank to ensure compliance with the Federal Travel Regulation (FTR). The OIG found that Bank employees properly completed travel requests for sponsored transactional and conference travel. The OIG also determined the Bank properly followed procedures to accept payments from non-federal sources for sponsored transactional and conference travel. In addition, the OIG found that the Office of the Chief Financial Officer (OCFO) properly billed and collected reimbursements due from non-federal sources for sponsored transactional travel. Management appreciates the OIG recognition that “Ex-Im Bank established adequate internal controls over the billing and collection process as suggested by GAO’s ‘Standards for Internal Controls in the Federal Government.’” These findings allowed the OIG to close as resolved two recommendations from a prior audit.

This report on the Bank’s Sponsored Travel makes three recommendations to ensure further compliance with the FTR and with the office of Government Ethics (OGE) reporting requirements. Management concurs with the three recommendations.

To improve Ex-Im Bank’s compliance with FTR requirements to submit travel vouchers within five work days after completion of a trip, the Office of Administration and Security (OAS) should:

Recommendation 1: Establish effective control activities over submission of the sponsored travel vouchers that ensure management’s directives are carried out. To include, clearly identifying the roles, responsibilities, and accountability of individual travelers, direct supervisors, SVPs, and the OAS.

811 VERMONT AVENUE, N.W. WASHINGTON, D.C. 20571

a. Provide training to Ex-im Bank employees over the roles responsibilities, and accountability of individuals and the OAS.

Management agrees with the recommendation. OAS will establish effective control activities over submission of the sponsored travel vouchers to ensure management’s directives are carried out. OAS will identify the roles, responsibilities, and accountability of Bank staff regarding employee sponsored travel and provide training to the appropriate Bank staff.

Management would like to note that the FTR and Bank policy requirements for travel voucher submission are measured by work days, while the OIG report uses calendar days in Figures 1 and 2, as well as the discussion in that section of the report.

Recommendation 2: Establish reporting procedures over sponsored travel that allow for information to be communicated to management and others within the agency who need it and in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

Management agrees with the recommendation. OAS will establish reporting procedures over sponsored travel that allow for communication to the appropriate Bank staff and management to enhance compliance with internal controls.

Recommendation 3: To improve controls over Ex-Im Bank’s requirement to report payments received from non-federal sources to the Office of Government Ethics (OGE), the Office of General Counsel (OGC) should establish mechanisms to obtain specific, measurable, and reliable data in order to ensure that OGC reports all required payments received from non-federal sources, including verification, reconciliation, and documentation of data.

Management agrees with the recommendation. OGC will work with OAS and the Office of the Chief Information Officer (OCIO) to establish mechanisms to obtain specific, measurable, and reliable data in order to ensure OGC complies with OGE reporting requirements for payments received from non-federal sources.

We thank the OIG for your efforts to ensure the Bank’s policies and procedures continue to improve, as well as the work you do with us to protect Ex-Im funds from fraud, waste, and abuse. We look forward to continuing to work closely with the Office of the Inspector General.

Sincerely,



Charles J. Hall
Executive Vice President and Chief Risk Officer
Export-Import Bank of the United States

Acknowledgements

Key contributors to this report were Arturo Cornejo, Acting Assistant Inspector General for Audits, Mike Rivera, Lead Auditor, Patricia Gillespie, Auditor, and John Onyeaku, Auditor.

To Report Fraud, Waste, or Abuse, Please Contact:

E-mail: IGHotline@exim.gov

Telephone: 1-888-OIG-EXIM (1-888-644-3946)

Fax: (202) 565-3988

Address: Office of Inspector General
Export-Import Bank of the United States
811 Vermont Avenue, NW
Suite 138
Washington, DC 20571

Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, please contact Arturo Cornejo, Acting Assistant Inspector General for Audits, at Arturo.Cornejo@exim.gov or call (202) 565-3908. Comments, suggestions, and requests can also be mailed to the attention of the Assistant Inspector General for Audits at the address listed above.





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