



October 8, 2008

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER

SUBJECT: Audit Report – Electronic Travel Voucher System Controls
(Report Number IS-AR-09-001)

This report presents the results of our self-initiated audit of the Electronic Travel Voucher System (ETVS) and associated business processes (Project Number 08RG015IS000). Our objectives were to determine whether manual and automated controls associated with the ETVS adequately support the approval of travel expenses, and we assessed the potential for business process improvement as well as the integrity of ETVS data in existing reporting databases. For the 16-month period February 1, 2007, through May 31, 2008, the ETVS application processed and paid 826,604 travel expense vouchers with an approved amount totaling \$256,029,040. Hotel expenses totaled more than \$66 million, or 26 percent of the total travel expenditures for the 16-month period. See [Appendix A](#) for additional information about this audit.

Conclusion

Overall, the manual and automated controls associated with the ETVS adequately support approval of travel expenses other than lodging. We concluded that management can improve the controls and clarify the policy associated with the approval of lodging expenses. In addition, we verified that the data in the reporting database and production database are consistent.

Travel and Relocation Policy

The Postal Service travel and relocation policy¹ does not consistently communicate the requirement to use government lodging rates² nor does it require travelers to obtain prior approval for, and subsequently justify and document the reason for, exceeding the prevailing rate on the electronic voucher. Management was not aware that the policy does not consistently direct travelers to use the prevailing government lodging rate and saw no reason to require prior approval and justification to exceed the rate. Rather,

¹ Postal Service Handbook F-15, *Travel and Relocation*, Section 6, Arranging Lodging, dated February 2004, updated with *Postal Bulletin* revisions through November 8, 2007.

² Refer to government per diem rate tables at <http://www.gsa.gov>.

management places sole reliance on the approving official's discretion to determine *reasonable* cost.

Although the Postal Service travel and relocation policy explicitly directs travelers to use the government rate with respect to lodging, it does not consistently reference or direct adherence to government lodging rates. Specifically, Section 4³ states, "Always use government rates for transportation and lodging. Your approving official must concur with your travel arrangements." In contrast, Section 6,⁴ Arranging Lodging, states the traveler "must make a diligent effort to obtain lodging at a reasonable rate" and refers to the terms *reasonable* and *exorbitant* rates with no adequate definition of either. By implementing consistent guidance, the Postal Service may positively affect its ability to plan for and control lodging costs.

We recommend the Vice President, Controller, direct the Manager, Accounting Policy, to:

1. Revise Postal Service Handbook F-15, *Travel and Relocation*, to require travelers to arrange for lodging at the prevailing government lodging rate whenever practical.
2. Revise Postal Service Handbook F-15, *Travel and Relocation*, to require travelers to obtain prior approval and justify exceeding the government lodging rate within the notes on the electronic voucher.

Management's Comments

Regarding recommendation 1, management agreed that travelers should arrange lodging at the prevailing government lodging rates whenever possible, but disagreed with revising Handbook F-15 to make this an explicit requirement. Management cited factors such as safety, additional transportation costs, unavailability of government lodging rates, and travel time as valid business considerations that must be balanced with cost.

Title 39, U.S.C, Section 410, gives the Postal Service the authority to establish its own travel policy. Travelers are expected to plan their travel based on Handbook F-15, Section 2-1, Your Responsibilities as a Traveler, which directs the traveler to plan their itinerary with a minimum investment of time and expense. Management believes the language is sufficient to inform travelers of their responsibilities to minimize costs whenever feasible.

Management will issue a communication to emphasize the requirements to control lodging expenses. Management will also review and consider modifications to the language in the handbook to encourage or recommend that lodging be booked at the

³ Handbook F-15, Section 4, Preparing to Travel, Subsection 4-1.1.2, How to Get Approval.

⁴ Handbook F-15, Section 6, Arranging Lodging, Subsection 6-1, Your Responsibilities.

government rate. Management will complete these actions no later than Quarter 2 of fiscal year (FY) 2009.

Management stated that they disagreed with recommendation 2 and that Postal Service travel policy does not require travelers to adhere to the government lodging rate, but rather to arrange their travel with a minimum investment of travel time and expense to the Postal Service. Also, management stated that it places additional responsibility on the approving official to fully assess the cost of lodging, and that the approving official's authorization of the travel voucher is an acknowledgement that the lodging rate claimed is reasonable under the circumstances. Management believes that an additional notation in the voucher notes is unnecessary. Management proposed alternative action and stated they will reemphasize these requirements in a communication issued no later than Quarter 2 of FY 2009.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments partially responsive to recommendation 1, but management's corrective actions will not resolve the issues identified in the report. We agree that factors such as safety, additional transportation costs, unavailability of government lodging rates, and travel time are valid business considerations the traveler and approving official must balance against cost when arranging for lodging at the prevailing government rate.

Our recommendation represents a reasonable synchronization of the language in Handbook F-15 to better communicate to the traveler and approving official the expectation to use the prevailing government rate in their attempt to minimize travel costs. We do not believe that alternative methods will emphasize the requirements to control lodging expenses more effectively than revising current travel and relocation policy to clearly and consistently communicate the requirement to obtain lodging at or below the prevailing government rate.

The OIG does not consider management's comments responsive to recommendation 2 and management's corrective actions will not resolve the issues identified in the report. In their response, management did not acknowledge that Handbook F-15 requires the traveler to use the government rate for transportation and lodging. Section 4 of the Handbook, Preparing to Travel, explicitly states, "Always use government rates for transportation and lodging."

We agree that the approving official is responsible to fully assess the cost of lodging. However, we do not agree that the approving official's authorization of the travel voucher represents an acknowledgement that the lodging rate claimed is reasonable because there is no control in place to prevent an approving official from approving

unreasonable, unsupported, or unjustified lodging expenses. In addition, the travel policy is not clear about what constitutes a “reasonable rate.”

Further, Management Instruction 640-204-1, *Government-Issued, Individually Billed Travel Charge Cards*, dated June 1, 2005, explicitly states, “Employees are liable for official travel expenses that exceed government rates.” In addition, the *Information Technology Administrative Guide* dated March 2007 explicitly states that “Employees — regardless of what type of credit card they use — are liable for official travel expenses exceeding government rates.” These statements, in addition to Handbook F-15, Section 4, clearly reflect that the Postal Service requires the use of the government rate and even places pecuniary liability on the traveler if they exceed the government rate.

We also disagree with management’s claim that additional notation within the voucher notes is unnecessary. Because the traveler must attempt to obtain lodging at the prevailing government rate, a note in the electronic voucher represents the most cost effective and least burdensome method to document justification for exceeding the rate. In fact, we found evidence during our review that many conscientious travelers annotated justification when they exceeded the government rate within the electronic voucher despite the fact there is no explicit requirement to do so. We do not believe that our recommendation places an undue burden on the traveler, but rather seeks to make the traveler and approving official aware and more accountable for their actions.

Itemization of Lodging Expenses

The ETVS does not enforce itemization of lodging expenses. Although the application directs the traveler to the itemization screen when inputting lodging expenses, the traveler has the option to combine the nightly room charges or include the room rate along with the room tax as a single entry at the itemization screen. Likewise, when itemizing the room rate and tax, the traveler has the option of combining the two rates by simply checking a box on the itemization screen.

The Postal Service travel and relocation policy requires the traveler to split the room rate and taxes into two entries using the hotel expert feature of the ETVS application. Specifically, policy states that “Itemization of hotel charges is mandatory to eliminate all nonreimbursable (sic) charges that may be included in the lodging bill.”⁵ However, ETVS allows the traveler to bypass this requirement.

Our review of 800 judgmentally selected travel vouchers processed and paid during the 16-month period February 1, 2007, through May 31, 2008, revealed that 450 (or approximately 56 percent) of the vouchers contained non-itemized lodging expenses. Hotel expenses totaled more than \$66 million (or 26 percent of the total travel expenditures) for the 16-month period. Because the application does not fully enforce itemization of lodging expenses, we were unable to provide management with cost

⁵ Handbook F-15, Section 6, Subsection 6-3.1, Hotels and Motels.

savings associated with lodging expenses that exceeded the prevailing government rate. Postal Service officials confirmed that they also possess no reasonable method to identify the extent to which travelers exceeded the prevailing government rate or the extent of cost savings the Postal Service might realize.

Management depends on the itemization of hotel expenses to identify and eliminate non-reimbursable expenses. Therefore, the Postal Service may unknowingly reimburse traveler incurred personal expenses when itemization is not enforced. In addition, the application will inaccurately report hotel and hotel tax expenses, negate the ability to identify nightly hotel expenses that exceed the government rate, and render the system non-auditable with respect to lodging that exceeds the prevailing government rate.

We recommend the Vice President, Controller, direct the Manager, Finance Business System Portfolio, to:

3. Customize the Electronic Travel Voucher System to require the traveler to input a value in the room tax field (even if the room tax is zero) or provide the traveler with a check box to indicate "taxes not applicable" in cases where the lodging stay is tax exempt.
4. Customize the Electronic Travel Voucher System to remove the option to combine room rate and room taxes into a single entry.

Management's Comments

Management stated they agreed with recommendation 3 and will accomplish the itemization of room rates and taxes when the ETVS upgrade is implemented. Based on the availability of the upgrade from the vendor and funding requirements, management believes they can complete this by FY 2010. In the meantime, management could create an audit rule requiring at least one itemized room tax entry for any hotel entry. However, due to budgetary limitations, management likely will not accomplish this until FY 2010.

Management disagreed with recommendation 4, indicating that the primary purpose for the policy of splitting room rates and taxes into separate entries was for possible future tax reclamation. It was not intended to enable the evaluation of room rates relative to General Services Administration (GSA) lodging rates. Management will address this recommendation via an available feature in the anticipated upgrade to ETVS in FY 2010. In the meantime, management will issue a communication to emphasize the policy of separating the room rate and room taxes no later than Quarter 2 of FY 2009.

Subsequent to the receipt of management's written comments, we had additional discussions with management and confirmed that they agreed with this recommendation and plan to implement compensating controls in anticipation that a future revision to the application will address this recommendation in FY 2010.

Management also agreed that although Handbook F-15 requires the traveler to split the room rate and taxes into two entries, ETVS allows the traveler to circumvent the requirement.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 3 and 4 and management's corrective actions should resolve the issues identified in the report. In over half of the vouchers we reviewed, we found that travelers combined the room rate and room tax, which caused the hotel expense to be overstated and the hotel tax expense to be understated. Our analysis proved that combining the room rate and room tax negatively affected the integrity of the data, prevented the OIG from effectively identifying lodging transactions that exceed the prevailing government rate, and prevented management from effectively identifying and potentially reclaiming hotel tax.

Government Lodging Rate

The ETVS does not facilitate the identification of nightly lodging stays where the actual lodging expense exceeds the prevailing government lodging rate. The application is not customized to look up the government lodging rate and, subsequently, enforce a flag in instances where the actual nightly lodging expense exceeds the government rate. As a result, lodging expense is not auditable with respect to hotel rates that exceed the government lodging rate.

We recommend the Vice President, Controller, direct the Manager, Finance Business System Portfolio, to:

5. Perform a formal cost-benefit analysis to determine whether it is feasible to customize the Electronic Travel Voucher System to:
 - Compare actual nightly hotel expense to the prevailing government rate.
 - Flag instances where the nightly lodging rate exceeds the prevailing government rate.
 - Provide the traveler with a reminder to justify exceeding the rate.

Management's Comments

Management stated they disagreed with the recommendation to customize the ETVS package and will not conduct the recommended cost-benefit analysis. Management believes the recommended audit rules are not required since use of the prevailing government rate is not Postal Service policy. Management believes they can control the lodging rate by reminding the travelers and approvers of their roles and responsibilities.

Evaluation of Management's Comments

The OIG does not consider management's comments responsive to the recommendation. Since management plans no corrective action, the issues we identified in the report will not be resolved. We did not recommend that management customize the ETVS package. Rather, we recommended that management perform a cost-benefit analysis to explore specific customization to the application that might provide the Postal Service with opportunities to improve application controls and reduce lodging expenses that totaled more than \$66 million during the period February 1, 2007, through May 31, 2008. Management disagreed with the recommendation primarily because they claim the Postal Service does not require the use of the government lodging rate. We provided sufficient evidence in our evaluation of management's comments to recommendations 1 and 2 that proves the Postal Service, as a matter of both policy and practice, requires the use of the government lodging rate. Handbook F-15, Section 4, Preparing to Travel, explicitly states, "Always use government rates for transportation and lodging."

Updates to Master Per Diem Table

The ETVS master per diem table does not reflect the prevailing government Meal and Incidental Expenses (M&IE) for rates that change during the year. Postal Service officials do not currently direct the vendor to update the ETVS master per diem table to reflect mid-year GSA M&IE rate fluctuations or additions of high-cost areas. According to Postal Service officials, the Postal Service uses the GSA rates as a guide, not a rule, and only uses GSA M&IE rates in effect at the beginning of the fiscal year. Management also remarked, but we could not corroborate, that they do not direct mid-year updates to the table to avoid the cost of making modifications and to prevent additional budgetary complications.

As stated in Handbook F-15, Title 39, Section 410 of the U.S.C. gives the Postal Service the authority to establish its own travel policy. Handbook F-15 represents current Postal Service travel and relocation policy, which is based on elements of the GSA Federal Travel Regulation. The Postal Service, as a matter of practice, uses prevailing government rates with respect to expense categories that include lodging, M&IE, transportation, and mileage rates. Section 6 of Handbook F-15 directs the traveler to the current M&IE rates in Appendix A. Because managers do not direct mid-year updates to the table, the appendix does not represent the most current government rates effective throughout the year. As a result, the Postal Service risks some degree of liability to the traveler by giving the appearance that it consistently and accurately adheres to current GSA rates when, in fact, it may not be.

We recommend the Vice President, Controller, direct the Manager, Finance Business System Portfolio, to:

6. Update the Electronic Travel Voucher System master per diem table and Appendix A, Handbook F-15, *Travel and Relocation*, to reflect mid-year government rate fluctuations as well as the addition and deletion of average-cost and high-cost areas.

Management's Comments

Management stated they disagreed with the recommendation to reflect mid-year government changes to their M&IE rate. They further stated that the Postal Service uses the government M&IE rate only as a guide. Since Postal Service policy is not to make changes at mid-year, adding audit rules to map the Postal Service M&IE rate to the prevailing government M&IE rate would risk misinterpretation by the traveler that management consistently adheres to current GSA rates when, in fact, this is not Postal Service policy. The Postal Service has the authority to set its own travel policy and procedures. This policy is to update the M&IE allowance at the beginning of the fiscal year and occasionally when unique circumstances occur.

Evaluation of Management's Comments

The OIG does not consider management's comments responsive to the recommendation. Since management plans no corrective action, the issues we identified in the report will not be resolved. We disagree with management's claim that the Postal Service uses the government M&IE rate only as a guide and dispute the assertion that travelers are not already under the impression that the Postal Service uses the government M&IE rate as a matter of practice. We are aware that the Postal Service implements the GSA established M&IE rates effective at the beginning of the fiscal year and adjusts the rate in unique circumstances. We also agree that the Postal Service has the authority to set its own travel policy. However, we could not corroborate management's statement or identify specific policy that reflects management's position.

OTHER ITEMS OF INTEREST

Standard Mileage Rates


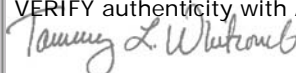
We verified that management updated the application to calculate Privately Owned Vehicle reimbursements using the current mileage rate increase effective July 1, 2008, to 58.5 cents per mile. We also confirmed that mileage entries dated prior to July 1, 2008, were calculated using the 50.5 cents per mile rate.

Conflicting Travel and Relocation Policy

We identified notable conflicting statements within Postal Service policy associated with the business rules concerning whether or not the traveler should reduce the per diem rate when meals are provided. For example, Handbook F-15, Section 7,⁶ reminds the traveler to reduce the per diem rate for any meals received at no cost or a nominal fee and explicitly states that complimentary breakfasts are not claimed as a meal reduction. In contrast, Section 8⁷ reminds the traveler to reduce per diem by an appropriate amount if their place of lodging provides *any* meal at no cost or for a nominal fee.

The OIG considers recommendations 1, 2, 3, 4, and 5 significant, and therefore requires OIG concurrence before closure. Although management disagreed with recommendations 1, 2, and 5, they proposed alternative actions for recommendations 1 and 2. Since we do not intend to pursue these recommendations through audit resolution, recommendation 5 may be closed with the issuance of this report. The OIG requests written confirmation when corrective actions are completed for recommendations 1 through 4. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Gary C. Rippie, Director, Information Systems, or me at (703) 248-2100.

E-Signed by Tammy Whitcomb 
VERIFY authenticity with ApproveIt


Tammy L. Whitcomb
Deputy Assistant Inspector General
for Revenue and Systems

Attachments

cc: Ross Philo
H. Glen Walker
George W. Wright
Stephen Nickerson
Gladys Zamora
Hadi Alsegaf
Katherine S. Banks

⁶ Handbook F-15, Section 7-4.2.1.2, When Traveling Between Average and High-Cost Areas.

⁷ Handbook F-15, Section 8-2.2.2, Documenting Lodging.

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

ETVS is a web-based travel expense voucher management system based on a commercial off-the-shelf product developed by Concur Technologies, Incorporated, and maintained by a third-party vendor. The system is business-controlled critical and sensitive. ETVS facilitates the collection, verification, approval, tracking, auditing, and payment of travel expenses.

For the 16-month period February 1, 2007, through May 31, 2008, the ETVS application processed and paid 826,604 travel expense vouchers comprised of 4,432,905 expense records with approved amount totaling \$256,029,040. The top four expenses comprise 90 percent of the total approved amount.

Expense Type	Count of Expense Type	Approved Amount	Percent of Approved Amount
POV ⁸ Mileage	2,465,795	\$76,506,090	30
Hotel	617,152	66,275,067	26
Airfare	185,649	43,285,274	17
Per Diem (M&IE)	269,807	43,230,789	17
Other ⁹	894,502	26,731,820	10
Total	4,432,905	\$256,029,040	100

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether manual and automated controls associated with the ETVS adequately support the approval of travel expenses. In addition, we assessed the potential for business process improvement as well as the integrity of ETVS data in existing reporting databases.

To accomplish our objectives, we used computer assisted audit tools to manipulate and analyze 4,432,905 travel expense records approved and paid during the 16-month period February 1, 2007, through May 31, 2008. We also reviewed current Postal Service travel and relocation policy, interviewed officials, and generated test vouchers within the system to challenge selected application controls. However, we did not review the controls associated with travel related refunds.

To test the integrity of the data in the reporting databases we reconciled data from the ETVS reporting database and production databases for the 3-month period October 1 through December 31, 2007. To identify the potential for business process

⁸ Privately Owned Vehicle.

⁹ The 'Other' category is comprised of 23 additional expense types including, but not limited to, car rental, parking fees, and rent.

improvement we interviewed Postal Service officials and scrutinized selected aspects of the business processes associated with the delivery and storage of travel expense vouchers and supporting documents.

We conducted this performance audit from June through October 2008 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We assessed the reliability of the computer-generated data we used to support our conclusions and determined the data is sufficiently reliable to meet our objectives. However, we determined that ETVS lodging data is not useful to support a review of lodging rates that exceed the prevailing government rate. We discussed our observations and conclusions with management officials during the audit and on September 9, 2008, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Security Vulnerability Assessment of the Electronic Travel Voucher System</i>	IS-AR-08-012	June 25, 2008	None	The scans performed during this security vulnerability assessment identified security vulnerabilities and inconsistencies with Postal Service security requirements on the ETVS production servers and database server tested. Identified vulnerabilities included patch management, password management, data encryption, and key management.
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2006</i>	FT-AR-07-005	December 7, 2006	None	The audit disclosed that, based on sample results, these expenses were properly supported and complied with Postal Service policies and procedures.
<i>Postal Service Board of Governors' Travel and Miscellaneous Expenses for Fiscal Year 2007</i>	FT-AR-08-008	February 15, 2008	None	Travel and miscellaneous expenses totaling approximately \$92,600 and external professional fees totaling approximately \$1,300 were properly supported and complied with Board of Governors policies. However, management did not always comply with Postal Service policies and procedures pertaining to the approval and verification of Governors' travel vouchers.
<i>Postal Service Officers' Travel and Representation Expenses for Fiscal Year 2007</i>	FT-AR-08-004	December 20, 2007	None	Based on the sample results, officers' travel and representation expenses totaling approximately \$880,000 were properly supported and complied with Postal Service policies and procedures.

APPENDIX B: MANAGEMENT'S COMMENTS

LYNN MALCOLM
VICE PRESIDENT, CONTROLLER



September 25, 2008

LUCINE M. WILLIS

SUBJECT: Response to Draft Audit Report – Electronic Travel Voucher
System Controls (Report Number IS-AR-08-DRAFT)

As requested, we are responding to your September 15 memorandum and subject audit report. Attached are comments on specific findings addressing government lodging rate usage, change in per diem rate at mid-year and customization of Electronic Travel Voucher System (ETVS) commercial-off-the-shelf (COTS) vendor package.

[REDACTED]

If you have any questions, please call [REDACTED]

Thank you for providing this report.

A handwritten signature in cursive script, appearing to read "Lynn Malcolm".

Lynn Malcolm

Attachment

cc: Kathy Banks, Manager CARM

**SUBJECT: Response to Draft Audit Report – Electronic Travel Voucher
System Controls (Report Number IS-AR-08-DRAFT)**

RECOMMENDATION #1

Revise Handbook F-15, Travel, to require travelers to arrange for lodging at the prevailing government lodging rate whenever practical.

RESPONSE:

Management agrees that travelers should arrange their lodging at the prevailing government lodging rates whenever possible but disagrees with revising the Handbook F-15 requiring travelers to make this an explicit requirement. It is not US Postal Service policy to require that lodging be obtained at government lodging rates. Factors such as safety, additional transportation costs, unavailability of government lodging rates and travel time are also valid business considerations that must be balanced with cost.

Title 39, Section 410 of the U.S.C. gives the Postal Service the authority to establish its own travel policy. The Postal Service has determined that travelers are expected to plan their travel based on Handbook F-15, Section 2-1, *Your Responsibilities as a Traveler*, which states: "Plan your itinerary to accomplish your purpose with a minimum of investment of time and expense...." Management believes that this language is sufficiently clear to inform employees of their responsibilities to minimize costs wherever feasible.

Management will issue a communication to emphasize the requirements per the handbook to control lodging expenses. We will also review and consider modifications to the language in the F-15 to encourage, or recommend that lodging be booked at government rate, without making it an explicit requirement. These actions will be accomplished no later than Quarter 2, FY 2009.

RECOMMENDATION 2

Revise Postal Service Handbook F-15, Travel and Relocation, to require travelers to obtain prior approval and justify exceeding the government lodging rate within the notes of the electronic voucher.

RESPONSE:

Management disagrees with the recommendation to revise Postal Service Handbook F-15 to require travelers to obtain prior approval of any hotel expense that exceeds the government lodging rate. As indicated on our response 1, Postal Service travel policy does not require travelers to adhere to government lodging rate, but to arrange their travel with a minimum investment of travel time and expense to the Postal Service. Additional responsibility lies with the approving official, who is required to "fully assess the cost of lodging..." The approving official's authorization of the travel voucher represents his/her acknowledgement that the lodging rate claimed is reasonable in the circumstances. Thus additional notation within the voucher's notes section is unnecessary.

Management will reemphasize these requirements in a communication to be issued not later than Quarter 2, FY 2009.

- 2 -

RECOMMENDATION #3

Customize the Electronic Travel Voucher System to require the traveler to input a value in the room tax field (even if the room tax is zero) or provide the traveler with a check box to indicate "taxes not applicable" in cases where the lodging stay is tax exempt.

RESPONSE:

Management agrees that requiring room rates and taxes to be entered separately, rather than combined into a single entry, is a desirable feature. The recommended itemization of room rates and taxes will be accomplished when Electronic Travel Voucher System (ETVS) commercial-of-the-shelf (COTS) package upgrade is implemented. Based on availability of this upgrade from the vendor and funding requirements, we believe that this can be completed in FY 2010. We could create an audit rule requiring at least one itemized room tax entry for any hotel entry. However, due to budgetary limitations, this will likely not be accomplished until FY 2010.

RECOMMENDATION #4

Customize the Electronic Travel Voucher System to remove the option of combining room rate and room taxes into a single entry.

RESPONSE:

Management disagrees with customizing the Electronic Travel Voucher System COTS package to automate separate reporting of room rate and room taxes. The Handbook F-15, Section 6-3, *Entering Your Lodging Costs into the eTravel System*, Subsection 6-3.1, *Hotels and Motels*, states: "You must enter lodging charges using the hotel expert feature of the eTravel system and split room rate and taxes into two entries." The recommendation will be addressed via an available feature in the anticipated upgrade in FY 2010 to the ETVS. The primary purpose for the policy of splitting of room rate and taxes is for possible future tax reclamation; it was not intended to enable the evaluation of room rates relative to GSA lodging rates.

Management will issue a communication no later than Quarter 2, FY 2009 to emphasize the policy of separating the room rate and room taxes when employees prepare their travel vouchers.

RECOMMENDATION #5

Perform a formal cost-benefit analysis to determine whether it is feasible to customize the Electronic Travel Voucher System (ETS) to:

- Compare actual nightly hotel expense to the prevailing government rate.
- Flag instances where the nightly lodging rate exceeds the prevailing government rate.
- Provide the traveler with a reminder to justify exceeding the rate.

RESPONSE:

As indicated in previous responses, Management disagrees with customizing the COTS ETVS package. Therefore, the recommended cost benefit analysis will not be conducted. The additional audit rules in ETVS recommended above are not required since use of the prevailing government rate is not Postal Service policy. Controlling lodging rate can be accomplished through communication to travelers and approvers reminding them of their role and responsibilities.

- 3 -

RECOMMENDATION #6

Update the Electronic Travel Voucher System master per diem table and Appendix A, Handbook F-15, Travel and Relocation, to reflect mid-year government rate fluctuations as well as addition and deletion of average cost and high-cost areas.

RESPONSE:

Management disagrees with updating the M&IE table to reflect mid-year government changes to their M&IE rate. The Postal Service uses the government Meal and Incidental Expenses (M&IE) only as a guide. As indicated on our response #1, Title 39, Section 410 of the U.S.C. gives the Postal Service authority to set its own travel policy and procedures. Our policy is not to make changes at mid-year. Adding audit rules to map the USPS M&IE to the prevailing government (M&IE) would risk misinterpretation by the traveler that the USPS consistently adheres to current GSA rates when in fact this is not USPS policy.

Postal Service policy is to update the M&IE allowance at the beginning of fiscal year. Occasionally exceptions have been implemented due to unique circumstances, such as for locations affected by hurricane Katrina.

Other Items of Interest: It was noted that conflicting statements existed within travel and relocation policy relating to when per diem should be reduced for meals provided. In lieu of recent federal travel regulation to reduce per diem for continental breakfasts, Management will review Handbook F-15, Section 7 and 8 and use consistent language throughout. We will update and clarify this language in FY 2009.