



OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: April 26, 2010

TO: Steven VanRoekel, Managing Director

FROM: David L. Hunt, Acting Inspector General

SUBJECT: Report on the Audit of the FCC's Electronic Travel System

The Office of Inspector General is providing the report on the Performance Audit of the FCC's electronic travel system (E2 Solutions). The Office of Inspector General engaged Williams Adley & Company, LLP to conduct the audit. The scope of the audit included Fiscal Years 2008 and 2009. The audit objectives were to:

1. Evaluate the design and implementation of internal controls.
2. Determine if the system meets the requirements of the E-Government Act of 2002 and has been effectively implemented as required by the Federal Travel Regulation.
3. Determine if the system is compliant with the Financial Systems Integration Office (FSIO) Travel System Requirements (JFMIP-SR-99-9, July 1999).
4. Determine if the system has been fully implemented, is being used effectively and efficiently for managing FCC travel, and whether the FCC is realizing all of the benefits of the electronic system (e.g., streamlined processing, faster payments, less time to prepare travel documents, make travel arrangements, and file travel claims).

The audit report identified four findings related to internal controls over the FCC's Electronic Travel System:

1. FCC is not fully utilizing the system's capabilities to meet mandatory FSIO functional requirements.
2. The account management process needs to be improved.
3. The system computed an inaccurate Privately Owned Vehicle reimbursement mileage expense for two (2) travel documents.

4. The FCC is not achieving the expected efficiencies from the electronic travel system because FCC's manual intensive travel processes have not been modified to fully integrate with the functionality of E2 Solutions.

Management generally concurred with the auditor's findings and their recommendations for corrective actions and agreed to implement additional procedures to encourage broader use of the capabilities of FCC's Electronic Travel System.

Williams Adley & Company, LLP is wholly responsible for the enclosed report dated April 21, 2010.

Attachment

cc: Mark Stephens, Chief Financial Officer



April 21, 2010

Mr. David L. Hunt
Acting Inspector General
Office of Inspector General
Federal Communications Commission
445 12th Street SW
Room 2-C762
Washington, DC 20554

Dear Mr. Hunt:

Williams, Adley & Company, LLP (Williams Adley) completed a performance audit of the Federal Communications Commission's (FCC) electronic travel system (E² Solutions) and internal controls for fiscal years ending September 30, 2008 and September 30, 2009 on behalf of the FCC Office of Inspector General (OIG). The audit was performed under Purchase Order No. 9000691 dated September 28, 2009.

This report presents the audit results and recommendations to help improve internal controls over E² Solutions and compliance with Financial Systems Integration Office (FSIO) Travel System Requirements, and to ensure effective and efficient use of E² Solutions. Also, included in this report are management's responses to the findings and our evaluations of their responses.

We conducted our audit in accordance with applicable Government Accountability Office (GAO) *Government Auditing Standards (GAGAS)*, July 2007 Revision. The audit was a performance audit as defined by Chapter 1 of *GAGAS*. The audit included an assessment of E² Solutions system functionality and compliance with FSIO requirements for a federal electronic travel system.

We appreciate the opportunity to have conducted this audit. Should you have any questions, or if we can be of further assistance, please contact either Robert Fulkerson or Ben Nakhavanit at (202) 371-1397.

Sincerely,

Williams, Adley & Company, LLP

A handwritten signature in black ink, appearing to read 'Kola Isiaq'.

Kola Isiaq, CPA
Managing Partner

**Performance Audit of the
Federal Communications Commission's
Electronic Travel System
Fiscal Years 2008 and 2009**

Date: April 21, 2010



Table of Contents

| | |
|--|----|
| Executive Summary | 1 |
| Background..... | 3 |
| Results of Audit..... | 4 |
| Finding A - FCC Needs to Fully Integrate E ² Solutions Capabilities into the Travel Management Program | 4 |
| Finding B - E ² Solutions Account Management Process Needs Improvement..... | 7 |
| Finding C – E ² Solutions Performed Inaccurate Mileage Expense Calculation | 9 |
| Finding D – FCC Travel Program Needs to Fully Integrate E ² Solutions to Gain the Anticipated Efficiencies..... | 10 |
| Appendix A: Objectives, Scope, and Methodology..... | 13 |
| Appendix B: E ² Solutions Process Narrative | 15 |
| Appendix C: Management’s Responses to Findings..... | 19 |
| Appendix D: Acronyms..... | 21 |

Executive Summary

On behalf of the Office of Inspector General (OIG), Williams, Adley & Company, LLP (Williams Adley) completed a performance audit of the Federal Communications Commission's (FCC) electronic travel system (E² Solutions) for fiscal years ending September 30, 2008 and September 30, 2009. The audit was conducted from October 2009 through February 2010.

The objectives of the performance audit were to:

- 1) Evaluate the design and implementation of internal controls for E² Solutions.
- 2) Determine if E² Solutions meets the requirements of the E-Government Act of 2002 and has been effectively implemented as required by the Federal Travel Regulation (FTR).
- 3) Determine if E² Solutions is compliant with the Financial Systems Integration Office (FSIO) Travel System Requirements (JFMIP-SR-99-9, July 1999).
- 4) Determine if E² Solutions has been fully implemented, is being used effectively and efficiently for managing FCC travel, and whether the FCC is realizing all of the benefits of the electronic system (e.g., streamlined processing, faster payments, less time to prepare travel documents, make travel arrangements, and file travel claims).

We conclude that E² Solutions has not been fully implemented to effectively and efficiently manage FCC travel. Also, E² Solutions, as implemented, does not substantially comply with the FSIO Travel System Requirements.

Based on the audit test results, we identified four (4) findings:

- A) FCC was not fully utilizing E² Solutions capabilities to meet mandatory FSIO functional requirements. Specifically, E² Solutions did not check for funds availability, maintain and report travel obligation and liquidation (payment) information for use by management, provide the system administration functions to define and document approving officials and delegated authority, establish the capacity to use electronic signatures, gather and analyze usage statistics, and process local travel documents.
- B) The E² Solutions account management process can be improved. We noted one user account that was shared by multiple individuals within the Office of the Managing Director, Travel Operations Group (TOG). Additionally, 11 of 16 E² Solutions user accounts of separated employees that we tested were still active as of December 29, 2009, and E² Solutions user account access was not reviewed on a periodic basis to remove agency separated employee accounts.
- C) E² Solutions sometimes computed an inaccurate Privately Owned Vehicle reimbursement. For a sample of 20 travel documents with Privately Owned Vehicle mileage expense, E² Solutions computed an inaccurate Privately Owned Vehicle reimbursement mileage expense for two (2) travel documents.

-
- D) FCC is not achieving the expected efficiencies from E² Solutions because FCC's manually intensive travel processes have not been modified to fully integrate with the functionality of E² Solutions. The traveler or travel arranger prepares the information for the travel document form using Excel spreadsheets or enters information into an Access database before directly entering data into E² Solutions. Each bureau and office developed its own travel budgeting and monitoring process using either an Excel spreadsheet or Access database, instead of using the available E² Solutions reporting features.

Management concurs with all four (4) findings.

Appendix A provides additional details on the objectives, scope, and methodology of this audit. Appendix B discusses E² Solutions' process narrative. Management's responses are summarized in the Results of Audit section and detailed in Appendix C.

Background

Williams Adley was contracted by the FCC OIG to conduct a performance audit of E² Solutions and the related internal controls for fiscal years ending September 30, 2008 and September 30, 2009. We conducted this performance audit in accordance with *Government Auditing Standards*, July 2007 Revision.

FCC is an independent federal agency directly responsible to Congress. FCC was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wire, satellite, and cable. The FCC's jurisdiction covers the 50 states, the District of Columbia, and U.S. possessions.

The Federal Travel Regulation (FTR) requires government agencies, with a few exceptions, to deploy and use electronic travel systems to plan and manage official temporary duty travel. The General Services Administration (GSA) defines the government electronic travel system as a web-based, end-to-end travel management system to plan, authorize, arrange, process, and manage official federal travel. The electronic travel system enables travelers and travel arrangers to plan and make reservations (air, rail, lodging, car rental, etc.) on-line, to prepare travel documents on-line, and to produce itineraries, issue tickets, and obtain receipts on-line.

To comply with the GSA requirements, FCC contracted with a vendor to use E² Solutions. E² Solutions is a web-based system that is owned and maintained by Carlson Wagonlit Government Travel. E² Solutions provides a variety of services that an agency may choose to implement. FCC implemented E² Solutions throughout FCC to include its headquarters and field offices. FCC business processes use both travel arrangers and the individual traveler to make use of E² Solutions.

Internally, FCC's Financial Operations Center (FOC) is responsible for managing employee travel. Within FOC, the Financial Systems Operations Group is responsible for E² Solutions system administration functions, which include establishing user access and traveler profiles. The Office of Managing Director, Travel Operations Group (TOG) is responsible for reviewing travel input for accuracy, auditing travel claims, authorizing payments, ordering travel cards, and establishing travel card profiles. TOG established the Travel Management Center (TMC) group to assist FCC personnel with travel arrangements.

Results of Audit

We conclude that E² Solutions has not been fully implemented to effectively and efficiently manage FCC travel. Also, E² Solutions, as implemented, does not substantially comply with the FSIO Travel System Requirements. Based on the audit test results, we identified four (4) findings. To assist FCC management in tracking the findings and recommendations, the recommendations are numbered sequentially.

Table 1 is a comparative analysis of the mandatory FSIO functional requirements and the extent of implementation at FCC. The table is described in detail in Appendix B.

Table 1. FSIO Functional Requirements Implemented at FCC

| FSIO Functional Requirements | Available for Use Within E ² Solutions | FCC Implemented E ² Solutions Component |
|--|---|--|
| General Requirements | Yes | Yes |
| Travel Authorization | Yes | Partial |
| Travel Advances | Yes | Not Applicable |
| Travel Vouchers | Yes | Yes |
| Local Travel | Yes | No |
| Non-Federal Sponsored Travel | Yes | Not Applicable |
| Temporary/ Permanent Change of Station | Yes | Not Applicable |
| Interface Requirements | Yes | Partial |
| Reports | Yes | No |
| System Administration | Yes | Partial |
| Records Retention | Yes | Yes |

Finding A - FCC Needs to Fully Integrate E² Solutions Capabilities into the Travel Management Program

Condition:

FCC was not fully utilizing E² Solutions capabilities to meet mandatory FSIO functional requirements. We did not observe evidence that E² Solutions was configured to the following functions:

- 1) Provide a check for funds availability.
- 2) Maintain and report travel obligation and liquidation information for use by management.

-
- 3) Provide the system administration functions to establish and maintain system tables that include approving officials and delegated authority, establish the capacity to use electronic signatures, and gather and analyze usage statistics.
 - 4) Process local travel documents. (FCC is currently using paper documents to process local travel documents [Form 1164].)

Criteria:

FSIO Travel System Requirements (JFMIP-SR-99-9, dated July 1999) states:

- 1) *Travel Authorization*: "The system must provide for verification that authorization exists and that funds are available."
- 2) *Reports*: "The system must maintain and report travel obligation and liquidation information."
- 3) *System Administration*: "System administration provides centralized control and administration of the travel system. This function must:
 - Provide the capability to establish and maintain the following tables that include, at a minimum:
 - Approving Officials:
 - Organization/Funding
 - Delegated Authority
 - Provide for establishing capability to use electronic signatures.
 - Provide for gathering and analyzing usage statistics."
- 4) *Local Travel*: "Local travel expenses, including taxi and mass transit fares, are allowable expenses incurred while performing official business within the vicinity of an employee's designated post of duty. The travel system should provide the capability for users to produce a local travel voucher by entering selected data into the system to activate an obligation and payment of local travel."

Causes:

- 1) E² Solutions and Federal Financial System (FFS), FCC's accounting system of record, do not interface to permit automatic confirmation of funds availability. Authorizing officials verify travel funds availability, outstanding travel obligations, and liquidation amounts using FFS, instead of E² Solutions.
- 2) FCC approving officials manually authorize travel documents rather than using E² Solutions' automated capabilities. Additionally, FCC has not implemented and updated E² Solutions tables with system administration duties and requirements, as well as authorizing officials' names to permit electronic approval of initial travel requests and travelers' expenses.
- 3) When E² Solutions was initially implemented, not all functions were configured.
- 4) FCC management has not required the use of automated features within E² Solutions to process local travel documents.

Effects:

- 1) There is an increased risk that submitted travel documents may exceed available funding.
- 2) Limited reporting from E² Solutions may result in reducing the system's usefulness for planning, budgeting, and estimating costs. Management decisions may be based on limited FFS information.
- 3) The lack of clearly identified approving officials, delegated authority, and electronic signatures creates inefficiencies in the travel document authorization process.
- 4) FCC may incur unnecessary expenses in processing local travel claims outside of E² Solutions.

Recommendations:

We recommend the Chief Financial Officer:

- 1) Evaluate the functional capability of E² Solutions to check for funds availability and integrate the system with the new core financial management system.
- 2) Evaluate the functional capability of E² Solutions to report travel obligation and liquidation information and provide such information to managers.
- 3) Evaluate the use of electronic signatures and implement approval of travel documents using electronic signatures for approving officials and delegated authorities.

-
- 4) Re-examine the local travel process to implement a cost effective mechanism for processing for local travel reimbursement payments through E² Solutions.

Management's Response:

FCC management concurs. FCC management began work to fully integrate E² Solutions capabilities into the travel management program. Specifically, FCC management is working with the system integrators (vendors) of the new core financial management system and the E² Solutions vendor on the interface plan to address the above recommendations. Also, FCC management is examining the process to use electronic signatures to approve all travel documents.

Evaluation of Management's Response:

We consider management's response to be adequate to address the finding.

Finding B - E² Solutions Account Management Process Needs Improvement

Condition:

E² Solutions account management process can be improved. Specifically, we noted:

- 1) The group authorizing travel documents in the Office of the Managing Director, Travel Operations Group was using one (1) shared user account and password to log-on to E² Solutions. Three (3) users shared the account.
- 2) Eleven of 16 E² Solutions user accounts of separated employees that we tested were still active as of December 29, 2009. The accounts were active more than 60 days after the employees were separated from the FCC. Also, E² Solutions user account access was not reviewed by anyone at the FCC on a periodic basis to remove agency separated employee accounts.

Criteria:

FCC Directive 1479.3 (FCC Information Security Program) contains the following relevant criteria:

- 1) *Section 13 User Accountability* states, "Each user shall have a unique individually assigned user ID and user-assigned log-on password."
- 2) *Section 19 Information Security Management* states that management must:
 - "Review, on a regularly recurring basis, lists of users and their associated network or system access privileges. These reviews will be the basis for requesting security administrators to modify user access levels, including removal of access

for individuals because of changes in job responsibilities, transfers to other functional bureaus/offices or changes in employment status such as termination, retirement, etc.”

National Institute of Standards & Technology (NIST) Special Publication (SP) 800-53 (revision 3 dated August 2009), *AC-2 Account Management* requires that the organization manages information system accounts to include:

- 1) Establishing, activating, modifying, disabling, and removing accounts.
- 2) Reviewing accounts based on the organization’s defined frequency.

Causes:

- 1) FCC management did not require unique E² Solutions accounts, which include user and administrator accounts.
- 2) FCC Directive 1479.3 does not state the required time frame to disable or remove separated employees.

Effects:

Without log-on credentials that uniquely identify and authenticate users, user activities cannot be attributed to an individual. Thus, both accountability and auditability of actions performed under the user account is lost.

In addition, user accounts for individuals separated from the agency can be used to log-on and perform unauthorized travel transactions. E² Solutions, in fact, is a web-based application that can be accessed from the internet.

Recommendations:

We recommend the Chief Financial Officer:

- 5) Assign unique accounts and passwords to all users.
- 6) Perform a review of E² Solutions user accounts access on at least a quarterly basis. Disable or remove in a timely manner E² Solutions accounts for separated employees.

Management’s Response:

FCC management concurs. They will ensure that all E² Solutions users are issued unique accounts and passwords. Additionally, FCC management will disable or remove in a timely manner user accounts that are no longer needed.

Evaluation of Management's Response:

We consider management's response to be adequate to address the finding.

Finding C – E² Solutions Performed Inaccurate Mileage Expense Calculation**Condition:**

For a sample of 20 travel documents with Privately Owned Vehicle mileage expense, we found that E² Solutions computed an inaccurate Privately Owned Vehicle mileage expense for two (2) travel documents:

- 1) For one travel document, we re-calculated the mileage reimbursement as \$9.90 (18 miles at \$0.55 per mile, the GSA Privately Owned Vehicle mileage reimbursement rate), but the amount reported by E² Solutions for reimbursable mileage expense was calculated as \$9.79. The submission date of the expense report was July 21, 2009 with a payment date of August 10, 2009. Travel occurred between May 27 and May 30, 2009.
- 2) For another travel document, we noted an incorrect mileage reimbursement rate was used to calculate the reimbursement to the traveler. E² Solutions used a mileage reimbursement rate of \$0.585 per mile to calculate the reimbursement for 35 miles totaling \$20.48. The correct mileage reimbursement rate of \$0.55 per mile issued by GSA on January 1, 2009 would have yielded a reimbursement of \$19.25 (35 miles at a GSA rate of \$0.55 per mile). The submission date of the expense report was January 14, 2009 with a payment date of January 26, 2009. Travel occurred on January 8, 2009.

Criteria:

FSIO Travel System Requirements (JFMIP-SR-99-9, dated July 1999) states for system administration the travel system should:

- 1) "Provide the capability to maintain Privately Owned Vehicle mileage rate/mileage tables.
- 2) Provide the capability to maintain rules incorporated in the travel system."

NIST Special Publication 800-53, Revision 2 (December 2007) states, "The organization authorizes, documents, and controls changes to the information system...Configuration change control involves the systematic proposal, justification, implementation, test/evaluation, review, and disposition of changes to the information system, including upgrades and modifications."

Cause:

An E² Solutions software error caused the miscalculation of Privately Owned Vehicle mileage reimbursement.

Effect:

Miscalculated mileage reimbursement results in incorrect reimbursement to the traveler. Although the errors that we found were not material in amount, incorrect reimbursements may result in wasted effort on the part of the travelers and the Travel Operations Group to correct the underpayment. Overpayment to the traveler could result in waste of government funds. We did not test the financial impact of the miscalculated mileage reimbursement.

Recommendation:

We recommend the Chief Financial Officer:

- 7) Formally notify GSA and National Business Center (NBC) of the software error that caused the miscalculation. In addition, request a review of the vendor's testing procedures of software changes and test results to ensure the accuracy of E² Solutions generated outputs whenever software changes are made to E² Solutions. To gain assurance that E² Solutions is computing properly, we recommend the CFO reconfirm a sample of E² Solutions calculations on a periodic basis (whenever software changes are made to E² Solutions) and notify GSA and NBC whenever errors are found.

Management's Response:

FCC management concurs. FCC management will notify the appropriate parties that own and host E² Solutions of these errors to ensure that these types of errors do not take place in the future.

Evaluation of Management's Response:

We agree with FCC management's response. Moreover, to gain assurance that E² Solutions is computing properly, we stand by our recommendation that the CFO reconfirm a sample of E² Solutions calculations on a periodic basis (whenever software changes are made to E² Solutions).

Finding D – FCC Travel Program Needs to Fully Integrate E² Solutions to Gain the Anticipated Efficiencies

E² Solutions provides a web-based service that uses travel management practices to reduce the agency's travel administration cost. E² Solutions leverages technology to streamline travel processes and deliver a trusted, integrated travel management service to government travelers.

Condition:

FCC travel program has not integrated FCC's manually intensive travel processes with E² Solutions automated functionality to achieve the anticipated efficiencies of E² Solutions.

The three (3) FCC bureaus and offices that we observed use a manual intensive travel process rather than the full electronic capabilities of E² Solutions to authorize travel, submit and approve travel expense documents, and obtain management reports to effectively monitor and track travel funds. The following is a description of the current manual processes in place:

- 1) The traveler or travel arranger prepares the information for the travel document using Excel spreadsheets or enters information into an Access database before directly entering data into E² Solutions. Then the travel arranger or traveler enters the Excel or Access data into E² Solutions. The travel document is printed from E² Solutions, and a supervisor authorizes the form by signing manually, instead of using an electronic signature.
- 2) Each bureau and office develops its own travel budgeting and monitoring process using either an Excel spreadsheet or Access database, instead of using available E² Solutions reporting features. As discussed in Finding A, the bureaus and offices cannot check for funds availability in E² Solutions.

The Office of the Managing Director, Travel Operations Group uses an Excel spreadsheet to track travel documents and travel document status when processing reimbursements, rather than use E² Solutions functionality.

Criteria:

According to Federal Financial Management System Requirements (JFMIP-SR-99-9, July 1999), the goal of the FSIO requirements is to improve the efficiency of financial management in the federal government.

Also, according to Federal Travel Regulation §301-50.3, an employee of an agency must use the E-Gov Travel Service when the agency makes it available.

Causes:

FCC bureaus and offices did not modify their manual travel processes to incorporate full use of E² Solutions electronic capabilities to authorize travel, submit and approve travel expense documents, and obtain management reports to effectively monitor and track travel funds. In addition, system integration processes between E² Solutions and FFS were not addressed to enable tracking funds availability through E² Solutions.

Effect:

FCC may be incurring additional costs by not using the core functionalities of E² Solutions to eliminate duplication of effort and to standardize travel management processes and procedures throughout FCC.

Recommendations:

We recommend the Chief Financial Officer in conjunction with FCC travel officials and bureau and office managers maximize the use of E² Solutions by:

- 8) Evaluating the travel processes used at the bureaus and offices to eliminate redundant manual processes.
- 9) Providing additional training and enhancing procedures to use E² Solutions effectively and efficiently and to improve on the use of E² Solutions reports.
- 10) Ensuring the Office of the Managing Director, Travel Operations Group use E² Solutions reports to track travel documents.

Management's Response:

FCC management concurs. FCC management is committed to continually strengthening the internal controls of the travel program and to implementing a travel program that is feasible and cost effective. This commitment includes developing procedures and using technology in a way that will reduce costs and duplicate-work and improving the accuracy and timeliness of information for decision making.

Evaluation of Management's Response:

We consider management's response to be adequate to address the finding.

Appendix A

Objectives, Scope, and Methodology

Objectives

The objectives of the performance audit were to:

- 1) Evaluate the design and implementation of internal controls for E² Solutions.
- 2) Determine if E² Solutions meets the requirements of the E-Government Act of 2002 and has been effectively implemented as required by the Federal Travel Regulation.
- 3) Determine if E² Solutions is compliant with the Financial Systems Integration Office (FSIO) Travel System Requirements (JFMIP-SR-99-9, July 1999).
- 4) Determine if E² Solutions has been fully implemented, is being used effectively and efficiently for managing FCC travel, and whether the FCC is realizing all of the benefits of the electronic system (e.g., streamlined processing, faster payments, less time to prepare travel documents, make travel arrangements, and file travel claims).

Scope

The audit scope was for fiscal years 2008 and 2009. It was conducted at FCC headquarters in Washington, D.C. The fieldwork was conducted from October 2009 through February 2010.

Methodology

To achieve our audit objectives we performed inquiries, analyzed documentation and data, inspected travel documents (vouchers and authorizations), and inspected system settings.

In addition, we considered the following laws, regulations, and guidelines:

- The American Recovery and Reinvestment Act of 2009
- FCC OIG Policies, Procedures, and Quality Control Procedures
- E-Government Act of 2002 (Public Law 107-347, 44 U.S.C. Ch 36), December 2002
- President's Management Agenda Fiscal Year 2002 (www.omb.gov)
- OMB Memorandum M-03-18, Implementation Guidance for the E-Government Act (www.omb.gov)
- Federal Travel Regulations (www.gsa.gov)
- OMB Circular A-123, Management's Responsibility for Internal Control (www.omb.gov)
- Federal Information System Controls Audit Manual (FISCAM), February 2009

-
- Government Performance Results Act of 1993
 - Office of Management and Budget (OMB)-Circular No. A-136, June 10, 2009
 - Appendix III to OMB Circular No. A-130, revised 2000

The audit was conducted in accordance with Government Accountability Office (GAO) *Government Auditing Standards (GAGAS)*, July 2007 Revision. 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

While the audit work was performed and the report was prepared under contract, the audit results are being reported by the FCC Office of Inspector General to appropriate FCC officials.

Appendix B

E² Solutions Process Narrative

Background Information

General System Description

Carlson Wagonlit owns and operates E² Solutions, a web-based system. The travel system program and all traveler data reside on the vendor database in Texas. Carlson Wagonlit is one (1) of three (3) travel management providers chosen by GSA to support E-Government Travel Services.

Business Purpose

E² Solutions provides a FCC-wide, web-based service that uses travel management practices to consolidate the FCC's travel administration and minimize its cost. For fiscal years 2008 and 2009, 3,652 and 2,857 travel documents (vouchers), respectively, were submitted and processed in E² Solutions.

History and Upgrades

E² Solutions was first operational at the FCC in fiscal year 2006. Since that time, four (4) major upgrades have been performed along with periodic updates to GSA determined travel rates. National Business Center (NBC) sends emails of software and configuration updates to FCC.

Contractual Agreements

FCC has a service level agreement with NBC to provide E² Solutions services. NBC is responsible for system support and help desk services. NBC has a contract with the vendor, Carlson Wagonlit, for licensing E² Solutions to government agencies.

FCC Travel Process with E² Solutions

Travel Oversight and Monitoring

Travel is managed through each office and bureau. Travel expenses are tracked and monitored at each office or bureau. Each manager of the office or bureau is given a travel budget to manage. The management reporting process used for oversight on travel includes obligations and expenditures. The offices and bureaus use different processes to manage the travel process. We interviewed management from two (2) offices and a bureau. From these interviews we determined that an office or bureau employed electronic spreadsheets for tracking travel obligation and expenditures. Another office developed a Microsoft Access database to track travel obligation and expenditures. None of the managers interviewed acquired their travel information directly from E² Solutions. The managers stated since Federal Financial System (FFS), FCC's core financial system, is the final system of record that all travel expenses were acquired from FFS. Managers indicated that generating reports from FFS is not easily performed. Therefore, managers use their own tracking systems such as the internal spreadsheets to monitor the actual travel costs from FFS, instead of E² Solutions reports. Travel procedures specific to the use of E² Solution varies by

office and bureau. One (1) manager provided specific guidelines developed for his office. The other managers directed us to the FCC general travel policy.

System Administrative Oversight

E² Solutions system administration is handled by an FCC system administrator and a backup person. The system administrator coordinates with NBC and the vendor to operate E² Solutions at FCC. The administrator's duties include setting up new accounts and removing accounts from the system. In addition, the system administrator performs administrative functions to include reporting and correcting system errors. Also, some of the offices indicated that they receive training from the administrator when required.

For fiscal year 2009, there were approximately 1330 E² Solutions user accounts.

Travel Initiation

Travel is initiated by the individual traveler or travel arrangers. A travel arranger is responsible for arranging travel pending the request from an individual traveler. An individual traveler can enter information (i.e., flights, hotels) to generate a travel document or have the travel arranger organize the travel request and enter the travel information into E² Solutions. However, based on our interviews with a bureau and two (2) offices, we noted the traveler or travel arranger prepares the information using either an Excel spreadsheet or Access database. Then the travel arranger or traveler enters the Excel or Access data into E² Solutions.

Management Travel Authorization

Management or the approving official responsible for travel oversight performs the travel request authorization. Fund obligation is performed through FFS, outside of E² Solutions. A printed travel document from E² Solutions is manually delivered to the approving official. The approving official signs the hard copy travel document after the review of the proposed travel costs is complete. After the travel document is signed manually, the travel is authorized and the newly created travel document is manually delivered to the Office of the Managing Director, Travel Operations Group (TOG).

Submission of Reimbursements

After travel is completed, a traveler either enters the incurred costs directly into E² Solutions or sends all receipts to the travel arranger for reimbursement. Either the travel arranger or the traveler manually attaches the trip receipts to the signed travel document. The travel document with all attached receipts is sent to TOG for review and approval.

Voucher Processing

Travel document (voucher) processing is manually performed by TOG. TOG verifies and approves all travel documents. TOG verifies the approved obligated amount for the travel on the signed

travel document and receipts with the individual costs reported through E² Solutions. The obligated amount for the specified trip is printed on the travel document signed by the manager and used by TOG to verify that expenses reported by the traveler do not exceed the obligated amount by either more than \$100 or ten percent. This verification does not include checking the per diem rates or checking many of the system-automated rate charges.

Travel Payment

E² Solutions sends travel cost data to FFS for payment. After the manual verification is performed by TOG, the travel document is electronically approved through E² Solutions. Data is collected from TOG approved travel documents and sent in batch files to FFS at 5:00 PM each business day. FFS is interfaced with the payroll system. FFS sends data to the payroll system for payment via the traveler's paycheck. FFS is maintained by the U.S. Department of the Interior at the National Business Center in Denver, Colorado.

Mandatory FSIO Functions Implemented

The following table discusses the results of our comparative analysis of E² Solutions capabilities to meet the mandatory Financial Systems Integration Office (FSIO) functional requirements and FCC's decision to implement or not implement the capability.

| FSIO Functional Requirements | Available for Use Within E² Solutions | FCC Implemented E² Solutions Component | Comments |
|-------------------------------------|---|--|--|
| General Requirements | Yes | Yes | E ² Solutions as implemented does not provide for appropriate electronic authentication technologies to verify the identity of sender and the integrity of the electronic content that satisfies OMB's implementation requirements of the Government Paperwork Elimination Act. |
| Travel Authorization | Yes | Partial | Authorization on the travel document in E ² Solutions is being sent to management for manual approval. Management does not employ electronic signature capabilities. |
| Travel Advances | Yes | Not Applicable | Travel advances are handled through the travel card program, not through E ² Solutions. |
| Travel Vouchers | Yes | Yes | E ² Solutions implementation does not always access the correct mileage allowances. |
| Local Travel | Yes | No | Local travel is processed manually through Standard Form 1164, not through E ² Solutions. |
| Non-Federal Sponsored Travel | Yes | Not Applicable | FCC policy does not allow non-federal sponsored travel. |
| Temporary/ Permanent | Yes | Not Applicable | Changes of duty station are rarely performed. |

| | | | |
|------------------------|-----|---------|--|
| Change of Station | | | |
| Interface Requirements | Yes | Partial | E ² Solutions does not check for funds availability. |
| Reports | Yes | No | Reporting features are not used. |
| System Administration | Yes | Partial | In addition, FCC has administrative functions such as adding/removing users, but testing of user access control demonstrated that this action was not consistently implemented with separated employees. Gathering and providing usage statistics was not provided. In addition, there was no evidence provided demonstrating that the system administration functions were able to establish and maintain system tables that included approving officials and delegated authority. |
| Records Retention | Yes | Yes | Records retention is implemented. |

Appendix C
Management's Responses to Findings



OFFICE OF MANAGING DIRECTOR

Memorandum

Date: April 5, 2010

To: David L. Hunt, Acting Inspector General

From: Steven VanRoekel, Managing Director and Mark Stephens, Chief Financial Officer

Subject: Management's Response to the Independent Auditors' Report on the Performance Audit of the FCC's Electronic Travel System for Fiscal Years 2008 and 2009

Thank you for the opportunity to review and comment on the draft report entitled Performance Audit of the Federal Communications Commission's Electronic Travel System. We appreciate the efforts of your team and the independent auditor, Williams, Adley & Company, to work with the Federal Communications Commission (Commission) throughout the audit process. The results of this audit were due to the commitment and professionalism that both of our offices and the independent auditors demonstrated during the audit process. During the entire audit process the Commission worked closely with your office and the independent auditors' team to provide necessary and timely information to facilitate an efficient audit process.

We appreciate the feedback that we have received from this draft audit report and look forward to implementing additional improvements to the Commission's electronic travel system (E² Solutions) and the internal control environment associated with E² Solutions. We are pleased that the independent auditors did not find any material weaknesses in the design and implementation of the Commission's internal controls for processing travel transactions. We have worked very hard to strengthen the Commission's internal control environment and to put into place an efficient and effective process for travel transactions.

During the audit, Williams, Adley & Company found that the Commission needs to fully integrate E² Solutions capabilities into the travel management program. We have already begun our work to fully integrate E² Solutions capabilities into the travel management program. The Commission is currently working with the integrators of our new core financial system and the E² Solutions vendor on the interface plan and will attempt to implement a process that provides automatic confirmation of funds availability, to report travel obligation and liquidation

information to users of E² Solutions and to more efficiently process local travel. We also are examining the process to use electronic signatures to approve all travel documents.

The report identified that the E² Solutions account management process needs improvement. The Commission concurs that the account management process can be improved. We agree that each user should be assigned unique accounts and passwords. At the time the Commission started using E² Solutions, the system did not have the capability to assign multiple logins for default routing pools. With one of the past upgrades the system now has the capability to assign unique logins for users within the same routing pool and or default pools as assigned. The Commission will ensure that all of its users are issued unique accounts and passwords. Additionally, the Commission agrees to disable or remove user accounts that are no longer needed in a timely manner.

The report also identified that E² Solutions performed inaccurate mileage expense calculations. The report noted two errors that were not material in amount. We will notify the appropriate parties that own and host E² Solutions for the Commission of these errors to ensure that these types of errors do not take place in the future.

Finally, the report identified that the Commission travel program needs to fully integrate E² Solutions to gain the anticipated efficiencies. The Commission is committed to continually strengthening the internal controls of our travel program and to implement a travel program that is feasible and cost effective. This commitment includes developing procedures and using technology in a way that will reduce costs and duplicate work and to improve the accuracy and timeliness of information for decision making. In this way we will ensure that the use of the funds that the Commission has stewardship over will be used in the most effective and efficient way. We look forward to working with you to resolve the audit findings in this report and to enhance the operations of our travel processes.



Steven VanRoekel
Office of Managing Director



Mark Stephens
Chief Financial Officer

Appendix D

Acronyms

| | |
|-------|--|
| FCC | Federal Communications Commission |
| FFS | Federal Financial System |
| FOC | Financial Operations Center |
| FSIO | Financial Systems Integration Office |
| FTR | Federal Travel Regulation |
| GAO | Government Accountability Office |
| GAGAS | Generally Accepted Government Auditing Standards |
| GSA | General Services Administration |
| NBC | National Business Center |
| NFR | Notice of Finding and Recommendation |
| NIST | National Institute of Standards & Technology |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| OMD | Office of Managing Director |
| TMC | Travel Management Center |
| TOG | Travel Operations Group |