



NASA OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS
SUITE 8U71, 300 E ST SW
WASHINGTON, D.C. 20546-0001

November 28, 2018

TO: Jeff DeWit
Chief Financial Officer

SUBJECT: Final Memorandum, *NASA's Management of Extended Temporary Duty Travel*
(IG-19-007, A-18-005-00)

Dear Mr. DeWit,

The NASA Office of Inspector General (OIG) examined whether NASA had effective controls to mitigate risks, ensure good stewardship of taxpayer dollars, and combat any perception of wasted travel dollars associated with the Agency's use of extended temporary duty (ETDY) travel.¹

From fiscal years (FY) 2015 through 2017, about 400 of NASA's approximately 18,000 civil service employees (2 percent) participated in assignments that involved ETDY travel. During this period, NASA spent approximately \$12.7 million on this ETDY travel, which accounted for about 5 percent of the Agency's travel expenses.

In sum, we found that NASA is generally making appropriate use of ETDY travel and maintains an adequate tracking system and appropriate documentation to justify and monitor its use. We also found that the Agency's generally sound ETDY policies promoting cost effectiveness could be improved to ensure travelers do not personally profit from their government travel reimbursement. See Enclosure I for details of the audit's scope and methodology.

¹ The OIG's most recent audits of other travel-related issues are *Review of NASA's Purchase and Travel Card Programs* (IG-18-014, February 28, 2018) and *Audit of NASA's Premium Air Travel* (IG-15-002, October 21, 2014).

BACKGROUND

NASA is a geographically dispersed agency, comprised of 10 Centers located throughout the United States with Agency employees conducting operations in numerous continental U.S. and overseas locations.² Often, in order to accomplish their work, NASA employees are required to travel outside their permanent duty station for extended periods of time. If an employee's temporary-duty travel lasts more than 30 continuous days at the same location, this is defined as ETDY travel.³ Examples of NASA ETDY assignments include travel to Africa in support of an airborne science mission, rotational assignments at Centers as part of the NASA Systems Engineering Leadership Development Program, and travel to Russia for astronaut training.

The Federal Travel Regulation (FTR) establishes requirements and Executive Branch policies for travel by federal civilian employees.⁴ The FTR encourages government travelers to act in the best interest of the government and requires travelers to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. It also requires agencies to limit travel and the payment of travel expenses to travel that is necessary to accomplish its mission in the most economical and effective manner.

To cover an employee's costs while on travel, the FTR prescribes three methods for reimbursing allowable expenses: lodging-plus per diem, reduced per diem, or actual expense.

- Lodging-plus per diem method—Actual lodging costs are reimbursed (not to exceed the maximum per diem rate for lodging at the temporary duty location) and meals and incidental expenses (M&IE) are reimbursed at the maximum per diem rate.⁵
- Reduced per diem method—A reduced per diem rate is lower than the prescribed maximum when the following circumstances exist:
 - When an agency can determine in advance that lodging and/or meal costs will be lower than the standard per diem rate; and
 - The lowest authorized per diem rate is stated in the travel authorization in advance of the employee's travel.
- Actual expense method—Reimbursement that allows travelers to claim costs in excess of the prescribed locality per diem rate limited to 300 percent of the applicable maximum per diem rate. When the authorized actual expense and the traveler's expenses are less than the

² For ease of reference, we are grouping the Jet Propulsion Laboratory, a federally funded research and development center, together with the NASA Centers: Ames Research Center, Armstrong Flight Research Center, Glenn Research Center, Goddard Space Flight Center, Johnson Space Center, Kennedy Space Center, Langley Research Center, Marshall Space Flight Center, and Stennis Space Center.

³ Days referenced throughout this report are calendar days.

⁴ 41 Code FTR §300-304, *The Federal Travel Regulation*.

⁵ The per diem allowance (also referred to as subsistence allowance) is a daily payment instead of reimbursement for actual expenses to cover lodging (excluding taxes), meals, and incidental expenses. The maximum per diem rate for areas within the continental United States is set by the General Services Administration (GSA) while the Department of Defense establishes rates for Alaska, Hawaii, and U.S. territories. The Department of State establishes per diem rates for travel to foreign countries.

applicable maximum per diem rate or the authorized amount, reimbursement is limited to the expenses incurred.

For typical temporary-duty travel, NASA employees are reimbursed using the lodging-plus per diem method. However, for ETDY travel the FTR allows agencies to reduce per diem rates below the prescribed maximum when the agency can determine in advance that a traveler’s lodging and/or meal costs will be lower than the per diem rate. The FTR is silent regarding the amount of the reduced per diem rate to allow flexibility in determining the policy that best suits the agency and its mission. Following the FTR guidance, in FYs 2015 through 2017 NASA’s policy was to reimburse ETDY travelers a flat 65 percent of the maximum per diem rate for lodging. Table 1 illustrates an example of reduced lodging per diem rates for ETDY travel in Washington, D.C., for FY 2015.

Table 1: NASA Reduced Per Diem Rate for ETDY Travel in Washington, D.C.

Type of Travel	October 2014 Lodging Rate	November 2014 Lodging Rate	FY 2015 M&IE Rate
Regular Travel - Maximum Per Diem Rate (100%)	\$222.00	\$177.00	\$71.00
ETDY Travel - Reduced Per Diem Rate (65%)	\$144.30	\$115.05	\$46.15

Source: NASA OIG analysis of GSA published rates.

NASA chose to use a flat-rate reimbursement method given its ease of recordkeeping, its flexibility, and its predictability. Specifically, this method results in fewer administrative costs for processing receipts and is more effective in reducing the number of travel claim disputes. Additionally, travelers are assured of reimbursement amounts before committing to a lease for lodging. This is helpful to the traveler in instances where the lease requires the tenant pay utilities such as cable, internet, electricity, water, sewer, garbage collection, administrative billing fees, parking, and insurance, all of which must be paid from the lodging per diem reimbursement. Furthermore, reimbursing a flat rate allows the Agency to better predict expenses and formulate its travel budget.

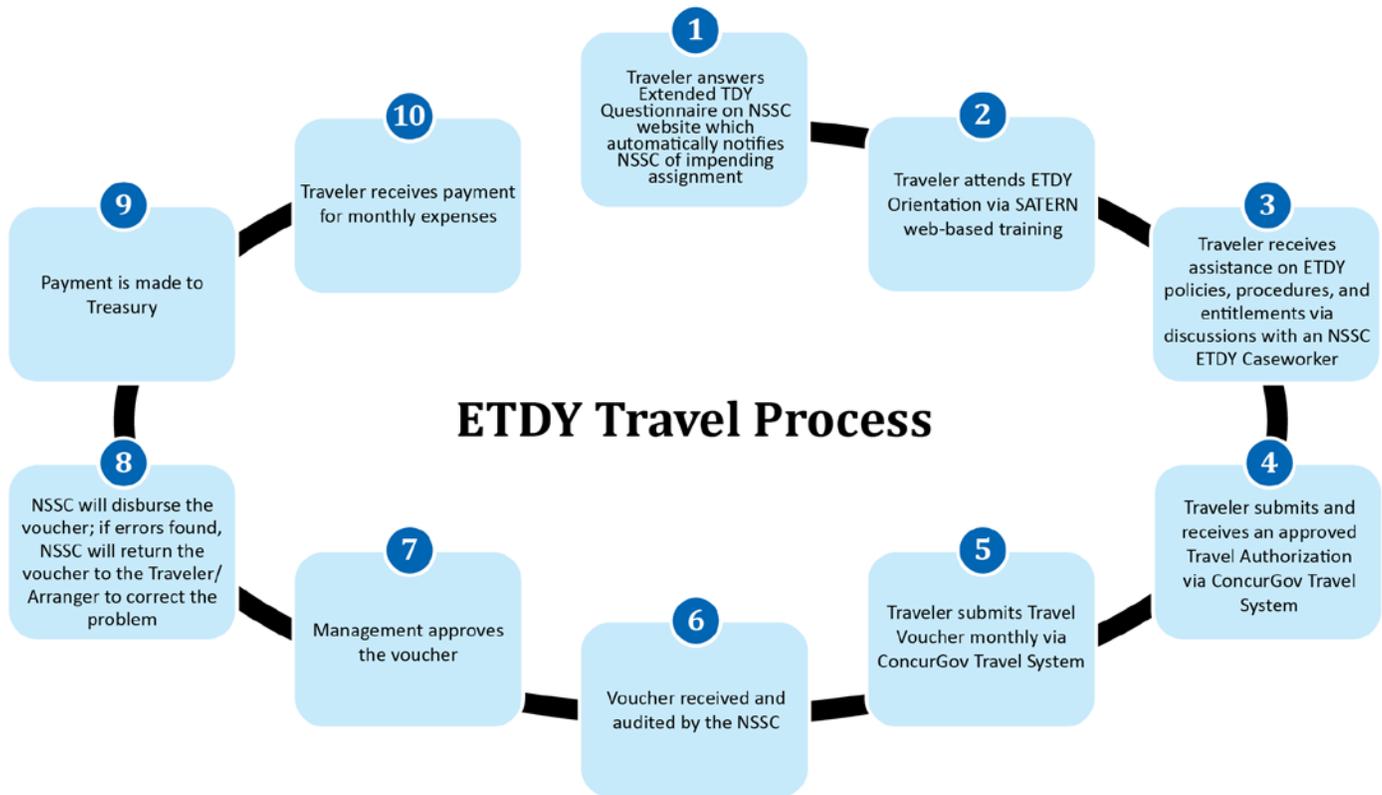
ETDY Travel Process

NASA personnel are required to follow the FTR, NASA policies, and guidance provided by the NASA Shared Services Center (NSSC) when traveling.⁶ NASA’s Office of the Chief Financial Officer (OCFO) develops NASA travel policy and procedures and works closely with the NSSC to ensure that travelers are paid using these guidelines and that travelers adhere to the FTR and Agency policies. The Chief Financial Officer from Ames Research Center is the Agency’s designated travel process “champion,” serving as the functional senior leader overseeing all travel activities and improvements to the NASA travel process. In addition, the OCFO’s Policy Division Director reviews and approves waivers from ETDY requirements.

The standard ETDY travel process is a collaborative effort between the traveler and the NSSC, generally following the steps shown in Figure 1.

⁶ 41 Code FTR §300-304, *The Federal Travel Regulation*; NASA Procedural Requirements (NPR) 9710.1, *General Travel Requirements*, June 20, 2018; NPR 9750.1, *Extended Temporary Duty Travel*, May 9, 2018; and NSSC *Customer Guide*, NSCG-9740-0002, Basic Version 1.0, October 19, 2017. NPR 9700.1, *Travel w/change 3*, September 2011 was cancelled and superseded by NPR 9710.1 and NPR 9750.1 during the course of the audit.

Figure 1: ETDY Travel Process



Source: NASA OIG analysis of Agency procedures.

Notes: Every month, the ETDY traveler returns to Step 5 to repeat voucher submission and processing. SATERN is NASA's web-based training system. ConcurGov is NASA's web-based travel management system.

MANAGEMENT OF ETDY TRAVEL IS GENERALLY EFFECTIVE, BUT AMOUNT OF LODGING REIMBURSEMENTS SHOULD BE REEXAMINED

Overall, we found NASA complies with ETDY travel rules and follows government best practices using a bifurcated approach to address the complexities of ETDY travel. While NASA has sound ETDY policies that promote cost effectiveness, the Agency's policy for reimbursing lodging expenses could be improved to ensure travelers do not personally profit from ETDY travel.

ETDY Travel Complies with Applicable Rules and Follows Best Practices

NASA is making appropriate use of ETDY travel by complying with the FTR and following its processes for documenting the appropriate justification, obtaining proper approvals, performing cost comparisons, obtaining and documenting appropriate waivers, and auditing vouchers. For example:

- We reviewed approvals for all 400 ETDY travelers during a 3-year period and found that NASA obtained proper approvals for all employees. NASA policies require the authorizing official to determine whether the ETDY travel is in the best interest of the government and that assignments lasting longer than 1 year be reevaluated annually to determine if the ETDY travel remains in NASA's best interests. In addition to approvals from the authorizing official, NASA policies require approval by an Official-in-Charge or Center Director for ETDY travel longer than 90 days.
- ETDY assignments longer than 180 days require a cost comparison analysis to determine whether the assignment should instead be treated as a temporary change of station or a permanent change of station.⁷ We reviewed cost comparisons for a random sample of 24 ETDY travelers and found ETDY travel was the most cost-effective option for these employees' travel.
- Examining the same random sample, we found travelers had the proper justifications, authorizations, and approvals; evidenced no indication of misuse; and complied with applicable travel policies. For example, management approval was obtained for all assignments that unexpectedly extended beyond 1 year.
- In instances when the reduced per diem rate for an ETDY assignment will not cover the cost of the assignment, NASA employees may request a waiver from the OCFO. In cases when a waiver from the reduced per diem rate was requested, we found appropriate documentation and approvals. For example, about 120 employees were granted waivers from reduced per diem reimbursement requirements citing overseas science missions, unexpected delays (e.g., aircraft maintenance issues), or the inability to find lodging at the reduced per diem rate.
- NSSC staff audit every ETDY travel voucher.

⁷ Temporary Change of Station (TCS) is an alternative to an extended TDY assignment. TCS is travel required to complete relocation to a new official duty station for a long-term assignment, and subsequent return travel to the previous official duty station once the assignment is complete. Under a Permanent Change of Station, an employee permanently relocates from one official duty station to another.

- During our review of 400 travelers, we found about 80 employees incurred no lodging costs to the Agency because they stayed with relatives or friends, or were reimbursed by other agencies.

One best practice for ETDY travel is utilization of a computerized (software) travel management system. In June 2014, NASA implemented the web-based travel system, ConcurGov, to administer and track government travel. Information stored in ConcurGov includes travel authorization and voucher data— itinerary and reservation information, as well as expense and accounting information—and the ability to upload receipts, lease agreements, justifications for waivers, and cost comparisons. In addition, NASA has configured ConcurGov to electronically enforce the reduced per diem rate of 65 percent of the maximum per diem rate for the ETDY location.

ETDY Payment Policies and Practices Can Be Improved

Although NASA travelers complied with policies and regulations for ETDY travel, we found that the Agency’s policy of paying a flat-rate of 65 percent of the lodging per diem rate resulted in some travelers being reimbursed significantly more than they paid in lodging costs. Specifically, we judgmentally selected 10 employees by location to analyze lodging reimbursement and found 8 instances where lodging costs were lower than the flat rate paid to the traveler, in several cases significantly lower. The other two travelers selected lodging that exceeded the 65 percent flat-rate per diem amount and chose to personally pay for expenses above the reimbursement rate.

For example, as shown in Table 2, ETDY Traveler-3 was reimbursed more than \$50,000 for a 12-month assignment to NASA Headquarters even though the lodging costs were under \$22,000—a difference of more than \$29,000. In another instance, ETDY Traveler-2 received \$24,000 more than our estimated lodging costs for an 11-month detail to Washington, D.C. We question the Agency’s expenditure of these funds that totaled \$108,304 for the 8 travelers who were paid more than their actual lodging costs and urge the Agency to reexamine this issue to protect against unnecessary expenditures in the future.

Table 2: Lodging Reimbursement Comparisons

ETDY Traveler	Assignment Location	Lodging Timeframe	65% Per Diem Reimbursement	Actual Lodging Costs ^a	Difference
Traveler-1	Washington, D.C.	4 months	\$13,370	\$7,820	\$5,550
Traveler-2	Washington, D.C.	11 months	\$44,351	\$20,262	\$24,089
Traveler-3	Washington, D.C.	12 months	\$50,633	\$21,437	\$29,196
Traveler-4	Washington, D.C.	9 months	\$36,715	\$34,236	\$2,479
Traveler-5	Hawthorne, CA	24 months	\$72,044	\$73,034	(\$990)
Traveler-6	Hawthorne, CA	30 months	\$72,273	\$82,784	(\$10,511)
Traveler-7	Pasadena, CA	9 months	\$28,611	\$17,290	\$11,321
Traveler-8	Washington, D.C.	7 months	\$26,821	\$15,550	\$11,271
Traveler-9	Greenbelt, MD	8 months	\$28,939	\$16,270	\$12,669
Traveler-10	Mountain View, CA	8 months	\$33,729	\$22,000	\$11,729

Source: OIG analysis of lodging reimbursements from ConcurGov data.

^a We calculated lodging cost by including expenses for rent and utilities when receipts or valid supporting documentation was available. Actual lodging costs may be higher than stated because travelers are not required to itemize expenses on vouchers or include receipts for expenses costing less than \$75.

While our audit was ongoing, NASA released a new ETDY policy allowing it to authorize a per diem rate *up to 65 percent*.⁸ The policy states that when the Agency can determine *in advance* that lodging and/or meals will be lower than 65 percent, it may be appropriate to prescribe a lower per diem allowance on the travel authorization. While this new policy begins to address our concern regarding the 8 travelers who received much more in lodging reimbursements than their incurred costs using the flat 65 percent rate method, we believe the Agency can be more explicit in its policies and more proactive in its procedures to ensure travelers do not personally profit from the government's travel reimbursement.

⁸ NPR 9750.1, Extended Temporary Duty Travel (ETDY), May 9, 2018.

RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND OUR EVALUATION

NASA is generally managing ETDY travel in accordance with applicable policies and procedures. That said, we remain concerned about reimbursements for ETDY lodging expenses that significantly exceed actual costs of the traveler's lodging and instances in which employees profit personally from travel reimbursement. While we recognize the need for flexibility given the wide range of travel requirements in support of NASA's varied missions, to ensure reimbursements are appropriate and in the best interest of the government we recommended the NASA Chief Financial Officer in collaboration with the NSSC Executive Director:

1. Review the ETDY travel authorization and lodging costs after the first 30 days of ETDY travel to validate, adjust, and update, if necessary, the authorized lodging reimbursements to more closely match actual lodging expenses—but not to exceed the 65 percent maximum per diem rate.
2. Revise NASA policy to explicitly state that actual lodging costs will be reviewed after the first 30 days of ETDY travel and authorizations adjusted, if needed.
3. Include in all ETDY travel authorizations a statement that lodging costs will be reviewed after the first 30 days of ETDY travel with the corresponding authorized reimbursements adjusted to more closely match actual lodging expenses—but not to exceed the 65 percent maximum per diem rate.

In response to a draft of this memorandum, NASA management partially concurred with our three recommendations, stating that it needs time to evaluate whether its new ETDY policy will address our concerns regarding excessive payments to travelers for lodging expenses. We agree that it is reasonable to allow time for that evaluation to take place and therefore consider management's comments responsive. The recommendations are resolved and will be closed upon verification that the new policy has addressed our concerns or the recommendations are implemented to strengthen controls to ensure travelers do not personally profit from ETDY travel.

Management's full response is reproduced in Enclosure II. Technical comments provided by management have been incorporated, as appropriate.

If you have questions or wish to comment on the quality or usefulness of this memorandum, contact Laurence Hawkins, Audit Operations and Quality Assurance Director, at 202-358-1543 or laurence.b.hawkins@nasa.gov.

Sincerely,



Paul K. Martin
Inspector General

cc: Kevin Buford
OCFO Policy Division Director
Paul Agnew
Chief Financial Officer, Ames Research Center
Anita Harrell
Executive Director, NASA Shared Services Center

Enclosures – 2

Enclosure I: Scope and Methodology

We performed this audit from February through October 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To conduct our audit, we evaluated whether NASA is effectively and efficiently implementing federal and Agency ETDY policy and procedures. Specifically, we evaluated whether NASA (1) is making appropriate use of ETDY travel, (2) has adequate tracking systems and documentation for ETDY travel, and (3) has sound ETDY policies and procedures that promote cost effectiveness. Additionally, we researched applicable laws, regulations, policies and guidance, interviewed NASA officials and staff at Headquarters and selected NASA Centers, and analyzed ETDY travel data for compliance and fiscal responsibility. We did not assess the business nature or necessity of travel completed by employees.

Our analysis focused on data obtained from ConcurGov—NASA’s travel management system—related to travel vouchers and receipts. As represented by Table 2, lodging timeframe is based on ETDY travel dates, represented in months. The 65 percent per diem reimbursement amount was derived from database calculations for lodging. To calculate actual lodging costs, we used traveler payment receipts and billing statements within ConcurGov. Because of multiple variables we did not estimate utilities—using only receipts or other valid documentation to support our overall conclusions. We considered rent, internet, cable TV services, and public utilities (e.g., electricity, water, sewer, and garbage collection) as fundamental ETDY lodging costs. We determined the difference by subtracting the actual lodging costs from the 65 percent per diem reimbursement.

Federal Laws, Regulations, Policies, and Guidance

As part of our tests of internal controls, we reviewed applicable federal laws, regulations, policies, and guidance related to travel. This review included, but was not limited to, the following:

- 41 Code FTR §300-304, *The Federal Travel Regulation*.
- GSA Bulletin FTR 18-02, *Federal Travel Regulation*, November 1, 2017.
- *Government-wide Travel Advisory Committee (GTAC), Final Report*, March 4, 2015.

NASA Policies and Procedures

We reviewed the following NASA travel policies and procedures:

- NPR 9710.1, *General Travel Requirements*, June 20, 2018.
- NPR 9750.1, *Extended Temporary Duty Travel*, May 9, 2018.
- NASA Interim Directive 9700.2, *Appendix A, NASA Travel Regulations Supplement*, cancelled when NPR 9710.1 was issued on June 20, 2018.

- NPR 9700.1 w/change 3, Chapter 1, *Travel* (September 2011), sets forth requirements to improve the management and systems utilized by federal employees and contractors to enable efficient travel; cancelled when NPR 9710.1 was issued on June 20, 2018.
- NASA Shared Services Center, *Customer Guide*, NSCG-9740-0002, Basic Version 1.0, October 19, 2017.

Sampling

We used both statistical random and judgmental sampling techniques to select our samples from ConcurGov. Our sample universe consisted of about 700 employees who appeared to be on ETDY travel—travel greater than 30 days—during FYs 2015 through 2017. While reviewing the sample data, we identified errors in the universe and performed additional work to accurately select personnel who fit the ETDY criteria applicable to this review. Specifically, we excluded overseas travel because reduced cost lodging was not readily available, and missions that were not in a single location for more than 30 days. As a result, the sample universe was narrowed to approximately 400 travelers. Subsequently, 24 employees were randomly (statistically) selected to review for fraud indicators, tracking systems software controls, and cost comparisons. We judgmentally selected 10 employees by location for review of lodging reimbursements.

Questioned Costs

The IG Act of 1978 defines the term “questioned cost” as a cost that is questioned because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. Although NASA policy at the time provided for a flat lodging payment, we believe the \$108,304 paid to the 8 travelers above the actual lodging costs fits the definition of an unnecessary expense and is therefore a questioned cost under Subsection (c) as stated above.

Use of Computer-Processed Data

We used computer-processed data obtained from the OCFO. Specifically, we obtained access to ConcurGov and reviewed ETDY travel reports submitted by NASA for FYs 2015, 2016, and 2017. We verified the accuracy of select data by reviewing supporting documentation, such as itineraries, vouchers, and receipts from ConcurGov. From these efforts, we determined the information obtained was sufficiently reliable for this audit.

Review of Internal Controls

According to the Standards for Internal Control in the Federal Government, federal agencies need to have systems in place that ensure timely, effective, and efficient oversight of government programs and continually monitor programs to address potential risks. As required by the Government Accountability Office, we examined those controls as they relate to our audit objective. Our analysis included software controls, compliance with applicable laws and policies, and best practice benchmarks. We determined the reviewed internal controls to be adequate.

Prior Coverage

Although the NASA OIG has not issued any reports in the last 5 years directly related to ETDY travel, it has issued reports on other aspects of Agency travel. Additionally, the Department of Justice Office of Inspector General, the General Services Administration, and the U.S. Senate Committee on Finance each issued reports regarding ETDY travel. Unrestricted reports can be accessed at <https://oig.nasa.gov/audits/auditReports.html>, <https://oig.justice.gov/reports/>, <https://www.gsa.gov/policy-regulations/policy/travel-management-policy-overview>, and <https://www.finance.senate.gov/library/committee-reports>, respectively.

NASA Office of Inspector General

Review of NASA's Purchase and Travel Card Programs, (IG-18-014, February 28, 2018).

Audit of NASA's Premium Air Travel, (IG-15-002, October 21, 2014).

Other Agencies

Audit of the Department of Justice's Use of Extended Temporary Duty Travel (Audit Division 15-33, September 2015).

Government-wide Travel Advisory Committee (GTAC) Final Report (March 4, 2015).

A Review of IRS Employee Travel, Reductions in IRS Long-Term Travel Spending Needed (A Senate Finance Committee Majority Staff Report, December 14, 2016).

Enclosure II: Management Comments

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



NOV 20 2018

Office of the Chief Financial Officer

TO: Assistant Inspector General for Audits

FROM: Chief Financial Officer

SUBJECT: Agency Response to OIG Draft Report, "Audit of NASA's Management of Extended Temporary Duty Travel" (A-18-005-00)

NASA appreciates the opportunity to review and comment on the Office of Inspector General (OIG) draft report entitled, "Audit of NASA's Management of Extended Temporary Duty Travel" (A-18-005-00), dated October 15, 2018.

In the report, the OIG found that, in general, NASA is making appropriate use of extended temporary duty (ETDY) travel and maintains an adequate tracking system along with appropriate documentation to justify and monitor its use. NASA agrees with this assessment and adds that the policy being discussed, as well as to our new policy, both comply with all Federal rules and regulations, and at the same time, allow traveler flexibility to choose lodging that fits their circumstances and operate in a financially responsible fashion for NASA.

The OIG also found that the Agency's generally sound ETDY policies promoting cost effectiveness could be improved to ensure travelers do not personally profit from their Government travel reimbursement. NASA changed the policy prior to the release of this report for that purpose, to try and ensure travelers do not profit from Government travel. We are studying the new policy to see if it in fact is a cost savings to the Government, which potentially it may not as the cost of policing and auditing all of the travelers to catch the small number who profit from per diem may far outweigh the profit involved.

Part of the reason that travelers are given a "per diem" for travel is to save money from extensive oversight. For instance, when on normal travel, a Government employee may be given \$50 per day as a food per diem. The traveler may eat at an expensive steak restaurant for hundreds of dollars, the difference of which will be on the traveler to pay, or the traveler may eat from a fast food dollar menu and pocket the remaining per diem. The goal is that for the Agency as a whole, the cost of giving each traveler \$50 is fair for the employee and then saves much time, money and labor by not having to collect, process, audit each receipt. If more staff is hired to collect each receipt and remit exact expenses to the traveler, we could ensure that no one is profiting from the per diem but at the same time expenses to the Agency could increase drastically while choices for the traveler would decrease.

Given this tradeoff and the fact that as the report acknowledges that the total ETDY travel is roughly only five percent of NASA's travel, NASA is uncertain that the new policy will be a net benefit to the costs of the Agency, and after the study period may return if the costs outweigh the benefits.

The OIG makes three recommendations to NASA's Chief Financial Officer (CFO) intended to ensure that reimbursements are appropriate and in the best interest of the Government.

Specifically, the OIG recommends the CFO, in collaboration with the NASA Shared Services Center (NSSC) Executive Director:

Recommendation 1: Review the ETDY travel authorization and lodging costs after the first 30 days of ETDY travel to validate, adjust, and update, if necessary, the authorized lodging reimbursements to more closely match actual lodging expenses - but not to exceed the 65 percent maximum per diem rate.

Management's Response: NASA partially concurs with this recommendation.

NASA concurs that proper scrutiny is needed to ensure that reimbursements are appropriate and in the best interest of the Government. The assessment of the appropriateness of the reimbursements should be considered in the context of the risk and materiality of payments relative to the costs required to administer the additional management controls. NASA recently implemented a new policy that, when implemented in conjunction with existing, proactive control procedures, would address the concerns regarding unnecessary payments. NASA believes that if the new policy is allowed to be fully implemented, then the recommendations in this audit would be sufficiently addressed. In addition, as noted in the report, the Federal Travel Regulations (FTR) specifically states that a reduced per diem rate is to be used when:

- an agency can determine **in advance** that lodging and/or meal costs will be lower than the standard per diem rate; and
- the lowest authorized per diem rate is **stated in the travel authorization in advance of the employee's travel**

The apparent intent of this Federal regulation is to ensure that a Government obligation is known in advance of the activity occurring, which in turn provides certainty for the employee that undertakes an assignment on behalf of the Government. This knowledge in advance is not only consistent with relevant law, it also ensures known risk to the Government and the employee are defined prior to undertaking such an assignment.

While NASA's policy of using a reduced per diem rate for ETDY is consistent with the Federal Travel Regulation, NASA is continually seeking out ways to be even better stewards of taxpayer dollars and recently implemented a policy stating ETDY per diem rates may be authorized "up to 65%" but may be lower if a lower rate is

known at the time of the travel authorization. NASA believes this is the best approach to balancing the various objectives including the requirement to comply with the Federal Travel Regulation, balancing the additional cost versus benefit and minimizing any unnecessary payments. NASA plans to evaluate the impact of this policy and make any adjustments after there is sufficient data to perform the analysis, tentatively scheduled for December 31, 2020.

Estimated Completion Date: The analysis can be completed by December 31, 2020. This will provide sufficient time to collect and analyze FY 19 and FY 20 travel data.

Recommendation 2: Revise NASA policy to explicitly state that actual lodging costs will be reviewed after the first 30 days of ETDY travel and authorizations adjusted, if needed.

Management's Response: NASA partially concurs with this recommendation.

As stated above, while NASA's policy of using a reduced per diem rate for ETDY is consistent with the Federal Travel Regulation, NASA is continually seeking out ways to be even better stewards of taxpayer dollars and recently implemented a policy stating ETDY per diem rates may be authorized "up to 65%" but may be lower if a lower rate is known at the time of the travel authorization. NASA believes this is the best approach to balancing the various objectives including the requirement to comply with the Federal Travel Regulation, balancing the additional cost versus benefit and minimizing any unnecessary payments. NASA plans to evaluate the impact of this policy and make any adjustments after there is sufficient data to perform the analysis, tentatively scheduled for December 31, 2020.

Estimated Completion Date: The analysis can be completed by December 31, 2020. This will provide sufficient time to collect and analyze FY 19 and FY 20 travel data.

Recommendation 3: Include in all ETDY travel authorizations a statement that lodging costs will be reviewed after the first 30 days of ETDY travel with the corresponding authorized reimbursements adjusted to more closely match actual lodging expenses - but not to exceed the 65 percent maximum per diem rate.

Management's Response: NASA partially concurs with this recommendation.

As stated above, while NASA's policy of using a reduced per diem rate for ETDY is consistent with the Federal Travel Regulation, NASA is continually seeking out ways to be even better stewards of taxpayer dollars and recently implemented a policy stating ETDY per diem rates may be authorized "up to 65%" but may be lower if a lower rate is known at the time of the travel authorization. NASA believes this is the best approach to balancing the various objectives including the requirement to comply with the Federal Travel Regulation, balancing the additional

cost versus benefit and minimizing any unnecessary payments. NASA plans to evaluate the impact of this policy and make any adjustments after there is sufficient data to perform the analysis, tentatively scheduled for December 31, 2020.

Estimated Completion Date: The analysis can be completed by December 31, 2020. This will provide sufficient time to collect and analyze FY 19 and FY 20 travel data.

The OIG also identified a maximum of \$108,304 in questioned costs relating to actual lodging costs paid in conjunction with eight travelers. However, since some of these questioned costs are valid and appropriate, but the amount is not readily available, NASA agrees with the OIG recommendation not to pursue recovery of these questioned costs.

NASA also questions whether or not any change to policy would actually result in a savings of that money. In our view, if NASA spends the extra time and money to ensure compliance with actual costs, instead of choosing a cheaper option it is very possible, if not likely, that these particular travelers will instead choose more expensive lodging up to the per diem rate. This would leave NASA with the extra costs with no offset in reduced payouts.

We have reviewed the draft report for information that should not be publicly released. As a result of this review, we have not identified any information that should not be publicly released.

Once again, thank you for the opportunity to review and comment on the subject draft report. If you have any questions or require additional information regarding this response, please contact Paul Agnew on (650) 604-1301.



Jeff DeWit

cc:
Executive Director, NSSC/Ms. Harrell
Ames Research Center/Mr. Agnew