



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-260570

May 19, 1995

Mr. Henry Howard, Jr.
Associate Director for Management
United States Information Agency

Dear Mr. Howard:

This letter responds to your January 9, 1995, request that we provide our views on whether your proposed system of processing employee travel claims conforms to the requirements in Title 2, "Accounting," and Title 7, "Fiscal Procedures," of GAO's Policy and Procedures Manual for Guidance of Federal Agencies. In your request, you mentioned that the General Services Administration (GSA)¹ waived several items in your proposal related to GSA requirements, provided your proposal did not conflict with the requirements of the GAO Policy and Procedures Manual.

As we understand it, this new system is part of the United States Information Agency's (USIA) effort to streamline its processing of employee travel claims in response to the National Performance Review (NPR) initiative to simplify administrative processes. As you know, in line with the NPR initiative, the Joint Financial Management Improvement Program (JFMIP) is examining governmentwide travel procedures in an effort to streamline the processes. As it progresses, the JFMIP project should provide useful information to consider regarding your proposed system.

To more fully understand your request, we contacted your staff to discuss the proposal in more detail. However, we did not perform any tests of your current or proposed systems and, consequently, our response only addresses your proposal conceptually.

As discussed in this letter, we identified two concerns regarding your proposal and offer three control procedures to alleviate the concerns. Based on our understanding of your proposal, we have no objection to its implementation provided that the three controls we suggest are effectively implemented.

USIA's Proposal

Your proposal eliminates the need for employees to forward receipts with travel vouchers for certification of all lodging, transportation, and other

¹GSA is responsible for issuing employee travel regulations, which are published in its manual entitled Federal Travel Regulations.

expenses. Instead, the receipts and related documents would be retained at the traveler's duty station for the applicable records retention period. Also, the proposal calls for employees to be reimbursed for (1) lodging at the actual amount up to the specified maximum for the travel location and (2) meals and related incidental expenses at the maximum flat-rate for the travel location.

You also propose to automate your travel system.² USIA would adopt, with modifications, the commercially available software, "Travel Manager Plus." In this system, employees would submit their travel vouchers electronically for approval and certification without any supporting documents. Employees would attest to the claims with an electronic signature. As we understand it, the lodging expense amounts would be listed separately on the voucher while meals and related incidental expenses would be listed at the maximum flat-rate, and all other expenses under \$75 would be summarized under seven categories appearing on the electronic screen for approval. Your staff stated that the detailed data regarding expenses under \$75 in each of the seven categories would also be maintained in the electronic system and could be retrieved from the system for review by the person approving or certifying the voucher. These detailed data would be maintained in an electronic file with the voucher for the same period.

We were told that, under the new system, each travel voucher would be examined and approved by the traveler's supervisor or equivalent official, usually assigned to the traveler's duty station. That official would have access to the documentary support if he or she wished to see it. The official's approval, provided electronically, would indicate that the (1) travel had actually been taken and was for official business and (2) charges seem reasonable. Your staff further explained that the vouchers and related details would be forwarded electronically to the certifying officer. Each voucher would be certified electronically based on propriety, correctness, and accuracy.

A sample of claims submitted would be selected monthly, prior to payment, to test the validity of the travel claims. Your staff stated that statistical samples would be drawn at headquarters, prior to payment, and would conform to the requirements of Title 7 of the GAO Policy and Procedures Manual. Your staff explained that for each voucher in the sample, the traveler's duty station would be required to forward all

²USIA proposes to fully implement the system domestically and, after about a year, implement it in all of its overseas offices.

relevant documents. Once headquarters received the documents, the voucher would be fully examined for propriety and accuracy.

Your staff also explained that a substantial training effort will be undertaken to ensure that USIA staff effectively implement the proposal. Part of the training, they explained, will be devoted to staff at each duty station who retain the travel receipts and related documents. The training will focus on document retention and storage procedures and will specify the applicable requirements contained in Title 8, "Records Retention," of the GAO Policy and Procedures Manual and the General Services Administration's "General Records Schedules."

GAO's Assessment of the Proposal

Regarding Titles 2 and 7, your request raises two issues: (1) whether designated officials will have sufficient detail and support needed to routinely approve and certify travel vouchers if the hard copy supporting documentary evidence, such as receipts, is not forwarded to them, and (2) whether the electronic signatures used by the traveler and in the approval and certification functions contain the necessary controls to ensure data integrity.

Approving and Certifying Payment

Title 7 requires that approval and certification of payments be based on sufficient evidence to establish the validity of a claim. Traditionally, approval and certification of payment on travel vouchers has been based on review of the supporting documents that accompany the voucher.

As we have previously reported,³ Title 7 does not require that supporting documentation be forwarded along with requests for approval or certification of travel vouchers if adequate controls compensate for the absence of attached documentation. Your proposal provides for several compensating controls. The approving official, who usually would be the traveler's supervisor, should know that the travel actually occurred and the purpose of it, and will review the charges for reasonableness. He or she will have access to the supporting documentary receipts if needed for review. Also, a prepayment statistical sampling procedure would be conducted to test vouchers for accuracy, propriety, and sufficiency of underlying documentation. If these controls are effectively implemented, management should have reasonable assurances that the approval and certification functions are operating properly.

³Employees' Travel Claims (GAO/AIMD-95-71R, February 6, 1995).

Because of his or her responsibility, a certifying officer may require the supporting documentation to be provided prior to certification, even if the travel claim being reviewed is not selected in the sample for which all supporting documents would be reviewed. We believe the certifying officer's responsibility for ensuring proper payment should be made clear to USIA's staff so that they are aware that such a request could be made.

Electronic Signatures

Electronic signatures generated by and validated in data processing systems should provide necessary data integrity by helping to ensure against system errors and irregularities. Electronic signatures that are (1) unique to the signer, (2) under the signer's sole control, (3) capable of being verified, and (4) linked to the data in such a way that if the data are changed the signature is invalidated⁴ can provide such integrity. The National Institute of Standards and Technology⁵ (NIST) has established procedures for the evaluation and approval of certain electronic signature techniques to ensure that they satisfy those four criteria.

We have not reviewed any systems currently in operation at USIA or the methodology used to generate and validate the electronic signatures in your automated accounting system. However, as we understand the Travel Manager Plus software,⁶ it does not incorporate some of the key control features just itemized for effective signatures, even though the vendor is currently working on modifying the software so that it will contain these features. For example, our understanding is that the signatures are not generated in accordance with the procedures in the applicable Federal Information Processing Standard (FIPS) promulgated by NIST. Also, certain techniques necessary for effective control are not used in the signature verification process. Your staff stated that USIA will be working with the vendor of the Travel Manager Plus software to move towards implementing valid electronic signatures achieving the four previously mentioned criteria.

Certain Procedures Would Alleviate Internal Control Concerns

We support initiatives to create a government that works better and costs less. At the same time, we believe that agencies have the responsibility to protect the government's interest. Improvements to streamline the

⁴See 71 Comp. Gen. 109 (1991).

⁵Under the requirements of the Computer Security Act, NIST is responsible for establishing standards for federal computer systems that process sensitive but unclassified information.

⁶Air Force Automated Travel System (GAO/AIMD-95-74R, February 14, 1995).

employee travel payment process should be made only within a framework of adequate controls that reasonably ensure that payment transactions are properly authorized and sufficient records of these transactions are maintained. Although Titles 2 and 7 allow flexibility to permit agencies to implement payment systems that best suit their needs, the preceding discussion has identified two potential problems that could arise under your proposal.

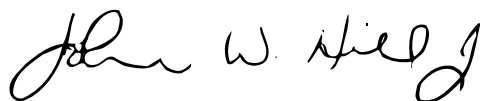
To address these potential problems, and to minimize the risk of irregularities and errors, your proposal should include the following three procedures or controls.

- A segment of the planned training should highlight the certifying officer's responsibility and the fact that he or she, upon review of a voucher, may require that the supporting documentation be provided before certification.
- The electronic signature generation and validation process, upon completion of your staff's work with the vendor, should comply with FIPS and satisfy the four previously mentioned criteria for the signatures of the traveler, approving official, and the certifying officer.
- The first year the system is operational, you should especially emphasize its review during the annual review of internal controls under the Federal Managers' Financial Integrity Act. In future years, you should emphasize determining if the central locations at each office are maintaining supporting travel documentation for the applicable records retention period.

We discussed our position with Mr. Michael Carroll of your staff. I hope our comments are helpful as you look for ways to streamline your administrative processes and reduce the cost of government.

If you have any questions or would like to discuss these matters further, please contact Bruce Michelson, Assistant Director, at (202) 512-9366.

Sincerely yours,

A handwritten signature in black ink, reading "John W. Hill, Jr." in a cursive script.

John W. Hill, Jr.
Director, Financial Management
Policies and Issues

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