



## Treasury Inspector General for Tax Administration Office of Audit

### **CONTROLS OVER THE USE OF PREMIUM-CLASS TRAVEL ARE GENERALLY EFFECTIVE, BUT DID NOT DETECT SOME EMPLOYEES TRAVELING WITHOUT PROPER AUTHORIZATION**

Issued on September 9, 2009

## Highlights

Highlights of Report Number: 2009-10-117 to the Internal Revenue Service Chief Financial Officer.

### **IMPACT ON TAXPAYERS**

Premium-class flights are of special concern to taxpayers because they often cost thousands of dollars more than the coach-class alternatives. TIGTA identified approximately \$49,000 in unauthorized premium-class airline travel that occurred during Fiscal Year 2008. The Internal Revenue Service (IRS) recently implemented new travel guidelines and the use of unauthorized premium-class travel has decreased dramatically; however, additional emphasis and improvements in travel guidelines are still needed to help prevent unauthorized travel in the future.

### **WHY TIGTA DID THE AUDIT**

This audit was initiated as part of the TIGTA Fiscal Year 2009 Annual Audit Plan risk-based coverage under the major management challenge of Erroneous and Improper Payments. The overall objective of this review was to determine the extent of premium-class travel within the IRS and whether IRS internal controls adequately ensure that such travel was properly authorized and justified.

### **WHAT TIGTA FOUND**

While IRS controls over premium-class travel are generally effective, they do not ensure that every instance of premium-class travel is properly authorized. Specifically, our review of premium-class airline tickets purchased in Fiscal Year 2008 and the first 6 months of Fiscal Year 2009 identified 11 instances of premium-class airline tickets that were not properly authorized. Early in Calendar Year 2008, the Office of Management and Budget and the Department of the Treasury issued guidance relating to the use of premium-class travel, which included a recommendation that premium-class travel policies and procedures be implemented immediately. The IRS had most of the recommended procedures

already in place and properly implemented the remaining procedures during Calendar Year 2008. As a result of these additional procedures, the use of premium-class airline travel by employees has decreased dramatically. However, it is still possible for employees to purchase premium-class travel tickets without proper authorization. Specifically, the IRS' current controls do not prevent employees from purchasing unauthorized premium-class airline tickets.

In addition, IRS travel guidelines regarding the purchase of first-class train tickets need to be clarified. TIGTA found several instances of employees purchasing unauthorized first-class train tickets because they were less expensive than coach airline tickets. Employees should not be traveling first-class when performing official duties unless it is authorized by the IRS Commissioner. Since IRS management was unaware of the premium-class travel expenditures, the expenditures were not included in the required annual report to the Department of the Treasury.

### **WHAT TIGTA RECOMMENDED**

TIGTA recommended that the Chief Financial Officer issue guidance emphasizing when premium-class travel is appropriate and managers should ensure that employees and approving/authorizing officials are aware of the current IRS travel policies. The Chief Financial Officer also should clarify the section of the IRS travel guide that states that train service can be used instead of a contract airline when it is cost effective. It should be clarified that employees should not purchase first-class train tickets without authorization from the IRS Commissioner.

In their response to the report, IRS officials agreed with the recommendations and issued guidance to IRS employees and approving officials reminding them that premium-class travel must be properly authorized. In addition, IRS management plans to update the Official IRS Travel Guide to state that IRS employees should not purchase first-class train tickets, even as part of a cost comparison, without the prior authorization of the IRS Commissioner.

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2009reports/200910117fr.pdf>

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