

Internal Audit Department
NeighborWorks® America

Audit Review of Travel Management Company - Direct Travel

Project Number: NW.ADM.TRVLMGT.2019

Audit Review of Travel Management Company - Direct Travel

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7/25/2019

To: NeighborWorks America Audit Committee

Subject: **Audit Review of Travel Management Company – Direct Travel**

Attached is our draft audit report for the Travel Management Company – Direct Travel review. Please contact me with any questions you might have.

Thank you.

Frederick Udochi
Chief Audit Executive

Attachment

cc: M. Rodriguez
S. Rice
R. Bond
R. Simmons

**Function Responsibility and Internal Control Assessment
Audit Review of Travel Management Company – Direct Travel**

Business Function Responsibility	Report Date	Period Covered
Administrative Services	July 25, 2019	March 1, 2018 to February 28, 2019
Assessment of Internal Control Structure		
Effectiveness and Efficiency of Operations	Generally Effective¹	
Reliability of Financial Reporting	Not Applicable	
Compliance with Applicable Laws and Regulations	Not Applicable	

This report was reissued February 15, 2024 in accordance with a recommendation by the Government Accountability Office (GAO-23-105944, June 14, 2023).

¹ **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

**Executive Summary of Observations, Recommendations and
Management Responses**

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>Observation 1</p> <p>Undefined Retention Period of Contact Information in Global Directory for Terminated Active Travelers.</p> <p>, Internal Audit came across several terminated staff travelers as well as former consultants who had completed the off-boarding process but still have an account in the NWA Global Address Book in Outlook. According to IT&S, it is not uncommon to keep some emails active after departure of certain individuals based on manager request or other circumstances. Maintaining inactive accounts in the system exposes NWA's vulnerability to potential phishing and hacking attacks from the outside world.</p>	Yes	<p>Recommendation 1</p> <p>Internal Audit recommends that the corporation review the system for taking out the accounts of terminated staff from all active Corporate accounts including the NWA Global Address Book in Outlook. Requests made to keep such accounts should not be made active longer than 30 days from the date of termination.</p>	Yes	<p>IT&S has a policy to inactivate accounts "as soon as reasonably possible."</p> <p>Occasionally, IT&S will receive requests from the business to keep a terminated individual's account active past their termination date. IT&S will continue honor these requests and recommend to the business the extension last no more than 30 days.</p>	12/31/2019	Internal Audit accepts Management's response.

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
Risk Rating: (b) (5)						

Risk Rating Legend

Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

Management Responses to The Audit Review of: Travel Management Company – Direct Travel		
# Of Responses	Response	Recommendation #
1	Agreement with the recommendation(s)	1
	Disagreement with the recommendation(s)	

Background

In February 2018, NeighborWorks entered into a Blanket Purchase Agreement (BPA) Contract (CON2084972) with Direct Travel, Inc. signed and executed on February 27, 2018. Prior to that, the service agreement was on a month-to-month basis. This audit review was conducted based on the terms and conditions outlined in the aforementioned BPA Contract.

Objective

The objective of this review was to obtain reasonable assurance that the Corporation has documented procedures and controls for the administration of the Travel Management Company – Direct Travel for both staff and non-staff travelers.

Scope

This review was conducted for the period from 3/01/2018 to 02/28/2019. The following areas were in scope for the review:

- Direct Travel guidelines for staff.
- Direct Travel guidelines for non-staff.
- List of Authorized Travelers in DT's system provided by Direct Travel Only.
- Bookings of Air and Rail via Direct Travel during audit period.
- Bookings of Air and Rail on personal CC for lower fare.
- Bookings of lodging via Direct Travel.
- Monthly reconciliation report during audit period.
- Any exceptions reporting during audit period.

Methodology

The following data analysis and test procedures were followed to conduct this audit review:

- Obtained and reviewed the signed and executed contract between NeighborWorks and Direct Travel
- Audit Questionnaire was sent and completed by Auditees. Supporting documents were received and reviewed:
 - Obtained access to Direct Travel report site Cornerstone – Travet Desk/Direct Data
 - Obtained List of Direct Travel Partners and the services they offer.
- Obtained from Direct Travel system the current list of authorized travelers.
- Shared listing of authorized travelers with HR for the verification/identification between staff members and non-staff members.
- Identified/included frequent travelers.
- Refunds/cancellations issued without reschedule for air travel booked through Direct Travel.
- Travelers with the most refunds issued to the NWA issued Travel Card or personal credit card.
- Obtained monthly US Bank corporate accounts statement for transportation and lodging.

- Obtained monthly reconciliation report for amount billed and payments based on fee terms and conditions in active contract agreement with Direct Travel.

Below are the observations and recommendations that resulted from the testing performed.

Observations and Recommendations

Observation 1 Undefined Retention Period for Contact Information in Global Address Book of Terminated Active Travelers.

Upon reviewing NWA active/inactive travelers verification for this audit review, Internal Audit came across several terminated staff travelers as well as former consultants who had completed the off-boarding process but still have an account in the NWA Global Address Book in Outlook. According to IT&S, it is not uncommon to keep some emails active after departure of certain individuals based on manager request or other circumstances. The question remains as for how long each record should stay in the system to prevent exposing NWA's vulnerability to potential phishing and hacking attacks from the outside world.

Recommendation 1

Internal Audit recommends that the corporation review the system for taking out the accounts of terminated staff from all active Corporate accounts including the NWA Global Address Book in Outlook. Requests made to keep such accounts should not be made active longer than 30 days from the date of termination.

Conclusion

As mentioned in the previous audit report, the business relationship between NeighborWorks America (NWA) and its travel agency is important as the travel agency has direct contact with NeighborWorks employees and its external business partners Internal Audit hopes that the recommendations presented in this report will aid Management in achieving its business goals and objectives with Direct Travel, Inc..

Appendix A Frequent Traveled Locations

DESTINATION		FREQUENCY	TOTAL
Washington, DC	DCA	1067	1145
	IAD	78	
Houston	IAH	690	690
Kansas City	MCI	570	570
<i>data source: Cornerstone Travet Desk/Direct Data</i>			

Appendix B Airfare by Division High to Low

