U.S. General Services Administration

Federal Acquisition Service

Federal Agency Auditing Requirements

GSA's Transportation Audits Program

Government Transportation Forum
February 19th, 2013

Agenda

- What is a transportation audit?
- GSA Audit Division's Role
- It's the Law: Prepayment & Post Payment Audit
- Steps to Meet the Audit Requirements
- Brief Overview of GSA's Post Payment Audit
- Snapshot of Overcharges
- Questions?

What is a transportation audit?

- "...a thorough review and validation of transportation related bills…[that] must examine the validity, propriety, and conformity of charges with tariffs, quotations, agreements, or tenders as appropriate."

  (41 CFR 102-118.10)

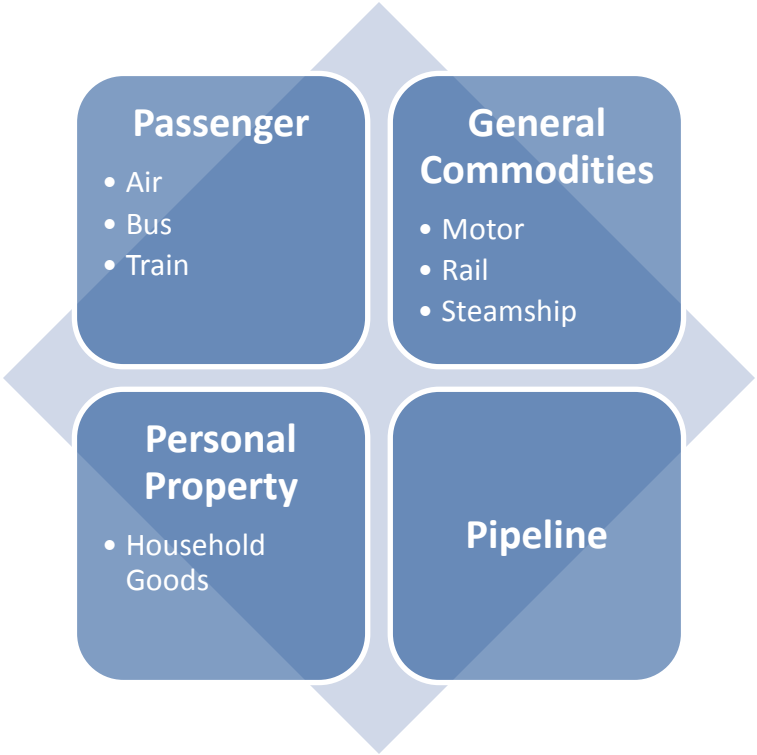
Why is it important?

- Ensures that an agency's internal transportation audit procedures prevent duplicate payments and only allow payments for authorized services; also ensures that the TSP's bill is complete with required documentation

- A prepayment audit allows an agency to retain all potential overpayments detected that would have otherwise been paid in error; a post payment audit allows the government to retain funds.

What is a transportation audit?

Transportation of people & property…



GSA Audit Division's Role

- GSA has a Congressionally mandated responsibility under *31 U.S.C. 3726* to perform oversight on transportation bill payments

- Offers solutions to assist agencies in detecting and eliminating billing errors , and to ensure regulatory compliance, allowing agencies to focus on meeting their mission
  - Audit contractors offered through GSA schedules
  - Audit services available to small agencies under an MOU
  - COTR oversight and guidance

- Saves millions of taxpayer dollars in a post payment audit by identifying and recovering Transportation Service Provider (TSP) overcharges and all other debts relating to transportation bills paid by government agencies

It's the Law… Prepayment Audit

- *Travel and Transportation Reform Act of 1998* (Public Law 105-264) was enacted "…to establish requirements for prepayment audits of Federal Agency transportation expenses…"

  - Amended *Title 31 U.S.C. 3726* to make prepayment audits a requirement
    - "…Each agency that receives a bill from a carrier or freight forwarder for transporting an individual or property for the United States Government shall verify its correctness (to include transportation rates, freight classifications, or proper combinations thereof), using prepayment audit, prior to payment in accordance with the requirements of this section and regulations prescribed by the Administrator of General Services…"

  - Effective date of 1998 Amendment – April 20th, 2000

Steps to Meet Prepayment Audit Requirements

Review Code of Federal Regulations (CFR)

Title 41, Part 102-118—Transportation Payment & Audit

- "…purpose is to interpret statues and other policies that assure that payment and payment mechanisms for agency transportation services are uniform and appropriate…[and] communicates the policies clearly to agencies and transportation service providers (TSPs)." (41 CFR 102-118.5)

- Areas of focus…
  - Subpart D – Prepayment Audit of Transportation Services
    - Agency requirements for prepayment audits
    - Maintaining an approved program
    - Waivers from mandatory prepayment audit
    - Suspension of agency prepayment audit programs
  - Subpart E – Post Payment Transportation Audits

Steps to Meet Prepayment Audit Requirements

- 31 U.S.C. *3726* requires all agencies to establish a prepayment audit program and obtain approval from GSA
  - Submit plans to audit.policy@gsa.gov; subject, "Agency PPA"
- An acceptable plan must:
  - Verify all transportation bills against filed rates and charges before payment
  - Comply with the Prompt Payment Act
  - Require your agency's paying office to offset debts, if directed by GSA's Audit Division, from amounts owed to TSP within 3 years
  - Be approved by the GSA Audit Division
  - Complete accurate audits of transportation bills and notify TSP of any adjustments within 7 calendar days of receipt
  - Forward documentation monthly to GSA's Audit Division, which will store paid transportation bills for 10 years
- Plan options include Payport Express, audit contractor under GSA's schedules, internal audit program, contract directly with auditor

Steps to Meet Prepayment Audit Requirements

- All entities conducting prepayment audit must submit a monthly report to GSA:

  By *Email:* *audit.policy@gsa.gov with subject, "PPA Monthly Report"*

  By Mail: *U.S. General Services Administration*
  Transportation Audits Division (QMCA), CP4, Room 300
  2200 Crystal Drive, Arlington, VA 22202

- At a minimum, the report must include:
  - Federal Agency & Bureau Name
  - Type or mode of transportation bills
  - Total number of bills reviewed
  - Billed amount
  - Agency dollar savings
  - Audit fees

It's the Law… Post Payment Audit

- Enactment of the *Transportation Act of 1940* made post payment audit a requirement for federal agencies
  - Amended *Title 49 U.S.C. 66*
    - "Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefore prior to audit by the General Services Administrator or his designee."

- Improper Payment Elimination and Recovery Act of 2010 (Public Law 111-204) was enacted "…to prevent the loss of billions in taxpayer dollars."
  - Amended 31 U.S.C. 3321 note to expand the use of payment recapture audits
    - "…Executive departments and agencies should use every tool available to identify and subsequently reclaim the funds associated with improper payments…" (Presidential Memo, 2010 Federal Register, Vol. 75 No. 49).

Steps to Meet Post Payment Audit Requirements

- Agencies are required to submit paid transportation billing documents, along with quotations, tenders, contracts of special rates, fares, charges or concessions with TSPs

  - Option 1—Provide access to shipper & payment systems (TMS, DPS, GFM, Pay Port Express, etc.)

  - Option 2—Forward all paper & electronic bills to GSA, ensuring bills are appropriately annotated (see 41 CFR 102-118.430)

By *Email: QMCATariffs@gsa.gov*

By Mail: U.S. General Services Administration
Transportation Audits Division (QMCA), CP4, Room 300
2200 Crystal Drive, Arlington, VA 22202

What Does GSA Do With My Documents?

- GSA will audit and collect overpayments on behalf of the government

- Upon receipt of a bill, GSA examines and verifies critical elements
  - TSP SCAC is identified
  - Mode of transportation
  - Pick up and Delivery dates
  - Commodities and weight are determined
  - Various statutes, rules, and regulations are followed

What Does GSA Do With My Documents?

- Bills are audited on an individual basis
  - Some bills are received without the information needed to effectively perform an audit
  - In those cases, if there is a means of obtaining further documentation to substantiate the billings, those documents may be requested
  - Audit procedures include, but are not limited to, checking for other errors such as extension errors, correct mileage applications, duplicate billings

What Does GSA Do With My Documents?

- If it is determined that an overcharge exists, a notice of overcharge (NOC) is issued to the Transportation Service Provider (TSP) stating that a debt is owed to the Federal Government
  - Repayment options include direct settlement, supplemental billing, offset

- TSPs have the right to dispute the NOC
  - TSPs have 60 days to protest action before collection from TSP is initiated by GSA

- If a protest or claim is denied by the Audits Division, the TSP can appeal to the Civilian Board of Contract Appeals (CBCA)

What Does GSA Do With My Documents?

- GSA collects millions of overcharges each year
- Overpayments collected fund GSA's post payment audit operating costs; excess funds are returned to the Department of Treasury

Snapshot of Overcharges – Household Goods

Over the past year…

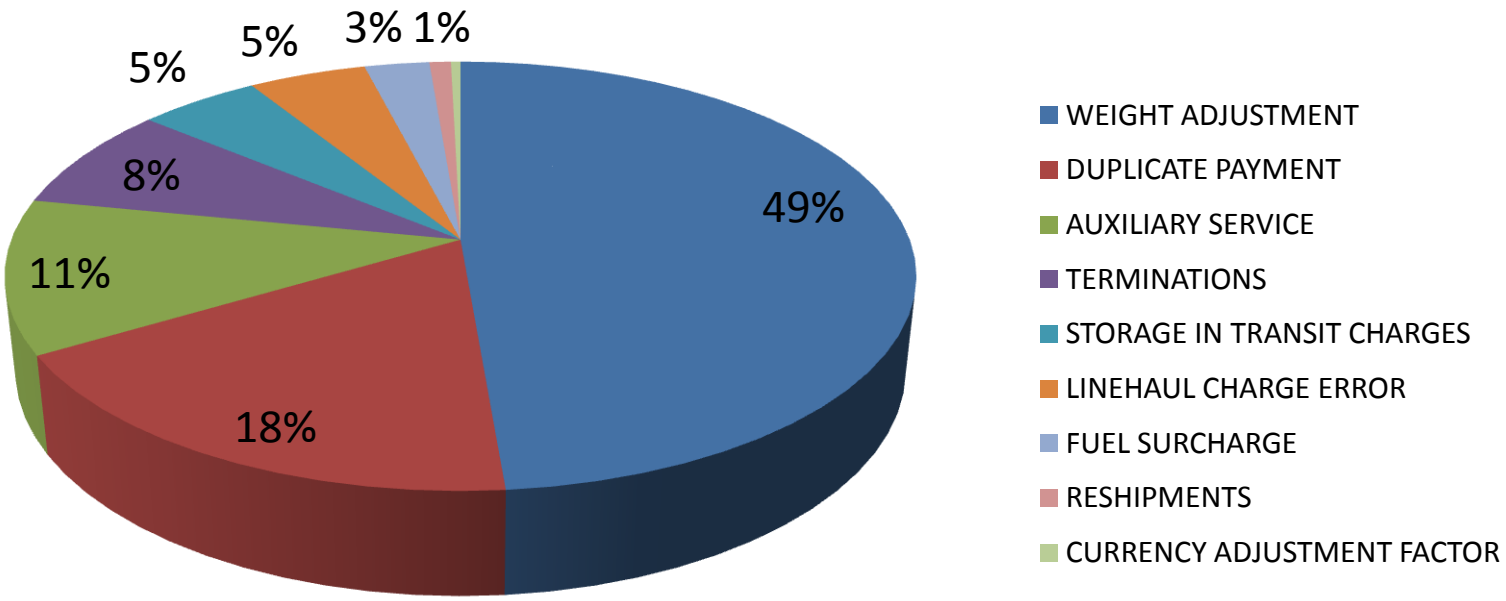


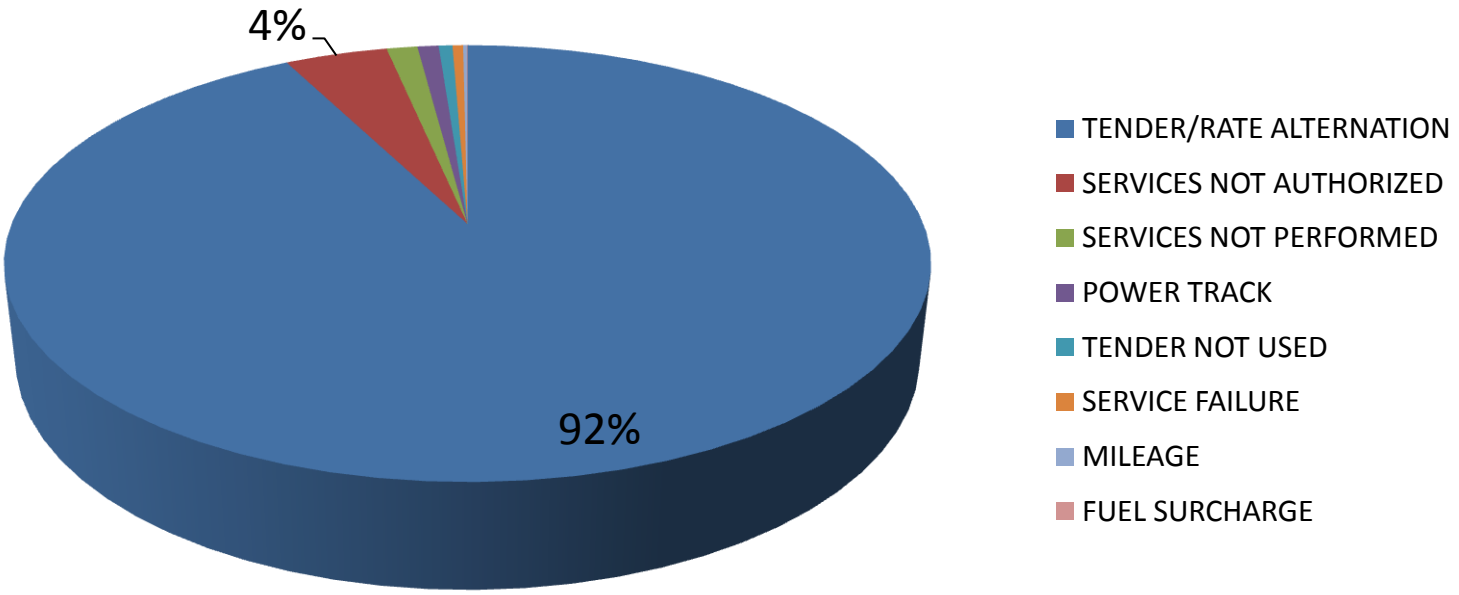
Chart
Overc

	Category 1	Category 2
Row 1	Weight Adjustment	49%

Table
For 'H

Snapshot of Overcharges – Freight

Over the past year…



Questions??

- Additional Resources
  - Code of Federal Regulations (CFR): Title 41, Part 102-118 – Transportation Payment & Audit
  - GSA's Transportation Handbook available as a reference tool
    - Go to **www.gsa.gov/transaudits**

- Contact GSA's Audit Policy and Review Branch

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