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Audit Report



OIG-27-002

CORONAVIRUS DISEASE 2019 PANDEMIC RELIEF PROGRAMS

Audit of Air Carrier Worker Support Certifications – Gate Gourmet, Inc.

October 1, 2026

Office of Inspector General
Department of the Treasury

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Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CAA	Consolidated Appropriations Act, 2021
DOT	Department of Transportation
GGI	Gate Gourmet, Inc.
Guidelines	Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act
OIG	Treasury Office of Inspector General
PSP1	Payroll Support Program, CARES Act

PSP2	Payroll Support Program Extension, Consolidated Appropriations Act, 2021
PSP3	Payroll Support Program 3, American Rescue Plan Act of 2021
Treasury	Department of the Treasury

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Audit Report

October 1, 2026

Jeffrey Stout
Acting Chief Program Officer
Department of the Treasury

This report presents the results of our audit of Gate Gourmet, Inc.'s (GGI)¹ certifications made to the Department of the Treasury (Treasury) as part of its participation in the Air Carrier Payroll Support Program (PSP1). This audit was mandated by Title IV, Subtitle B, *Air Carrier Worker Support*, of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act).² Under the CARES Act, Treasury was to provide \$32 billion in financial assistance to passenger air carriers, cargo air carriers, and certain contractors to be exclusively used for the continuation of payment of employee wages, salaries, and benefits, in response to the economic impact of the Coronavirus Disease 2019.³ Furthermore, the Treasury Office of Inspector General (OIG) is required to audit certifications made by passenger and cargo air carriers that do not report salaries and benefits to the Department of Transportation (DOT) (hereinafter referred to as non-241 air carriers)⁴ and contractors.

Our audit objective was to assess the accuracy, completeness, and sufficiency of GGI's sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by Treasury for PSP1. The scope of our audit covered the period from April 1, 2019, through

¹ Hereinafter, "GGI" refers to the certifications made by Gate Gourmet, Inc. and Gate Serve, LLC. Both entities were approved by Treasury to receive PSP1 funds.

² P.L. 116-136 (March 27, 2020)

³ The financial assistance provided under the CARES Act was split between passenger air carriers (\$25 billion), cargo air carriers (\$4 billion), and contractors (\$3 billion).

⁴ Passenger and cargo air carriers that are not required to report salaries and wages to DOT under 14 CFR Part 241, "Uniform System of Accounts and Reports for Large Certificated Air Carriers."

September 30, 2019, and included the certified PSP1 Application, sworn financial statement, tax forms, and other documentation submitted to Treasury on April 4, 2020.

To accomplish the objective, we reviewed applicable laws, regulations, and Treasury’s policies and procedures, including but not limited to, Title IV, Subtitle B, *Air Carrier Worker Support* of the CARES Act; *Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act* (Guidelines); PSP1 Agreement; and *Frequently Asked Questions: Application Procedures for Payroll Support to Air Carriers and Contractors*. We interviewed key personnel from GGI, Treasury, and contracted consultants engaged by Treasury to evaluate certified company applications. We conducted our fieldwork from April 2020 through May 2024. Appendix 1 contains a more detailed description of our audit objective, scope, and methodology.

Results in Brief

We found that GGI, a contractor, reported correct information for five of seven sections reviewed on its PSP1 Application.⁵ These sections are: (1) Applicant Information, (2) Applicant Type, (3) Financial Institution Information, (4) Additional Information, and (5) Certification. We also found that GGI reported incorrect information in the Awardable Amounts and Employment Levels sections of the PSP1 Application.

GGI overstated its awardable amount by \$2,806,063. Specifically, we found the (1) inclusion of unallowable corporate officers’ compensation, totaling \$1,768,875, and (2) differences between accrual-based financial information used to prepare the PSP1 Application and the actual compensation paid, totaling \$1,037,188.

⁵ The PSP1 Application is comprised of eight sections. One section, Taxpayer Protection, was not subject to audit procedures because it generally does not apply to non-241 air carriers.

Treasury's awards to contractors under PSP1 included a 69.7-percent⁶ pro-rata distribution of application amounts. Applying this formula, GGI received a \$1,955,826 overpayment from Treasury; however, GGI returned \$10,695,209 of unexpended PSP1 funds as instructed by Treasury in accordance with the Payroll Support Program Extension (PSP2), authorized by the Consolidated Appropriations Act (CAA), 2021.⁷ As a result, no additional funds are owed back to Treasury. Due to instances of non-compliance with PSP1, we recommend that Treasury review GGI's requested amount for unallowable expenses, under PSP2, and Payroll Support Program 3 (PSP3), authorized by the American Rescue Plan Act of 2021,⁸ and seek reimbursement for overpayment, if applicable.

In the Employment Levels section, GGI correctly reported 10,260 as the average number of employees for 2019; however, the company incorrectly reported the number of involuntary reductions after March 1, 2020. GGI reported 8,727 as the number of involuntary reductions after March 1, 2020 and stated that the number included involuntary terminations, employee schedule reductions, and salary reductions. We were only able to identify 250 involuntary terminations from March 1, 2020, to April 4, 2020 (PSP1 Application submission date) based on documentation provided by the company. Treasury management stated that they had no plans to use the information in the involuntary reductions after March 1, 2020 field. As such, we are not reporting this discrepancy as a finding.

⁶ GGI did not receive the 20.3 percent top-off payment from Treasury.

⁷ P.L. 116-260, The CAA, 2021 enacted on December 27, 2020, created the *Airline Worker Support Extension* for passenger air carriers and certain contractors. Treasury referred to this as Payroll Support Program Extension (PSP2). Section 412 of the CAA, 2021 stated "Not later than April 5, 2021, each contractor described in section 4111(3)(A)(i) that has received funds pursuant to such section 4112 shall report to the Secretary on the amount of such funds that the contractor has expended through March 31, 2021. If the contractor has expended an amount that is less than 100 percent of the total amount of funds the contractor received under such section, the Secretary shall initiate an action to recover any funds that remain unexpended as of April 30, 2021."

⁸ P.L. 117-2, The American Rescue Plan of 2021 enacted on March 11, 2021, created the *Air Transportation Payroll Support Program Extension* authorizing Treasury to provide additional assistance to passenger air carriers and contractors that received financial assistance under PSP2. Treasury referred to this as Payroll Support Program 3 (PSP3).

As a part of our reporting process, we provided GGI management with an opportunity to comment on a draft of this report. In a written response, management stated that although they respect the OIG's conclusion that certain individuals were corporate officers, they note that the finding arises out of a good-faith difference in interpretation of relevant requirements rather than any deliberate inclusion of non-qualifying individuals. Additionally, management stated that although the award included compensation to individuals that OIG believes are corporate officers, GGI did not use any of the award to pay their compensation. Regarding the accrual-based financial information, management stated that the awardable amount data used for GGI's application came from its income statement because it was a reliable and comprehensive source of information. GGI management believed that accrued-based accounting is a well-recognized and permissible method. They further noted that prior OIG reports indicate that creating the PSP1 Application using accrual-based financial information was not a prohibited compilation method under Treasury's PSP1 Application guidelines.

We acknowledge both of GGI's concerns. We recognize GGI's interpretation of the definition of a corporate officer; however, Treasury's PSP1 Agreement defines a corporate officer as "...its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy-making functions for the recipient." Accordingly, we based our determination on the definition provided by Treasury, along with discussions held with GGI management and a review of the company's 2019 organization chart.

While the use of accrual-based financial information is not a prohibited method, Treasury's guidelines define the awardable amount as "an amount that such carriers certifies...as the amount of wages, salaries, benefits, and other compensation paid by such carrier during the time period." As such, we used Treasury guidelines and reviewed GGI's actual compensation paid to its employees and paid benefit invoices during the time period from April 1, 2019, through September 30, 2019. GGI's management response, in its entirety, is included as appendix 2 of this report.

In a written response, Treasury management agreed that any overpayment of PSP funds should be reimbursed. Management also stated it will review awardable amounts requested under PSP2 and PSP3 and seek recoupment where appropriate. Management should include its planned corrective actions and expected completion date in the Joint Audit Management Enterprise System (JAMES). Treasury management's response, in its entirety, is included as appendix 3 of this report.

Background

Title IV, Subtitle B, of the CARES Act, *Air Carrier Worker Support*, requires Treasury to provide financial assistance to air carriers and contractors that must exclusively be used for the continuation of payments of employees' wages, salaries, and benefits. Financial assistance is to be provided to:

- (1) passenger air carriers, in an aggregate amount up to \$25 billion;
- (2) cargo air carriers, in an aggregate amount up to \$4 billion; and
- (3) contractors, in an aggregate amount up to \$3 billion.

According to the CARES Act, Treasury is required to provide financial assistance to air carriers that report salaries and benefits to DOT (referred to as 241 air carriers),⁹ in an amount equal to the salaries and benefits reported to DOT for the period April 1, 2019, through September 30, 2019. For air carriers that do not report such data to the DOT (referred to as non-241 air carriers), and contractors, financial assistance is required to be an amount that the air carrier or contractor certifies using sworn financial statements or other appropriate data as to the amount of wages, salaries, benefits, and other compensation paid to employees

⁹ 14 CFR Part 241 "Uniform System of Accounts and Reports for Large Certificated Air Carriers" defines "*Air carrier, large certificated*" as an air carrier holding a certificate issued under 49 U.S.C. 41102, as amended, that: (1) operates aircraft designed to have a maximum passenger capacity of more than 18,000 pounds; or (2) conducts operations where one or both terminals of a flight stage are outside the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. These air carriers are required to report financial information to DOT. GGI is not a Large Certificated Air Carrier.

during the period of April 1, 2019, through September 30, 2019. The amounts submitted on the application to Treasury were considered sworn financial statements. To be eligible for payments, air carriers and contractors must enter into agreements with Treasury certifying that they meet certain required assurances, terms, and conditions.

On March 30, 2020, Treasury posted on its website the Guidelines, which included the PSP1 Application. The PSP1 Application is comprised of eight sections:

1. Applicant Information — (1) applicant name; (2) taxpayer identification number and address; and (3) contact person's name, title, phone number, and email address.
2. Applicant Type — selection of applicant type whether it is passenger air carrier, cargo air carrier, or contractor. Additionally, if the applicant is a contractor, this section would identify the contractor's service functions and the name of the air carrier or airport to which services are provided. Finally, this section includes affiliate and parent company information.
3. Financial Institution Information — (1) the applicant's account number and routing number; and (2) the financial institution's name, address, and telephone number.
4. Employment Levels — applicant's average number of employees for 2019, and number of involuntary reductions after March 1, 2020.
5. Awardable Amounts — applicant's sworn financial statement consisting of salaries, wages, benefits, and other compensation for the period April 1, 2019, through September 30, 2019.
6. Taxpayer Protection — a table that outlines in detail the proposed financial instrument to be issued to Treasury.
7. Additional Information — applicant's verification of submitting its Internal Revenue Service Form 941, *Employer's Quarterly*

Federal Tax Return,¹⁰ covering the period April 1, 2019, through September 30, 2019, along with the PSP1 Application submitted to Treasury.

8. Certification — names, titles, and signatures of two certifying officials¹¹ and the applicant's name and application submission date.

On April 18, 2020, Treasury published a sample PSP1 Agreement on its website, which provided definitions, terms, and conditions for participation in PSP1, and required applicants to submit completed applications by April 27, 2020. After Treasury reviewed and approved an application, both parties were required to sign the PSP1 Agreement.

Treasury Disbursement Processes

To disburse PSP1 payments to contractor applicants as quickly as possible and prior to the application deadline of April 27, 2020, Treasury applied an initial estimated pro-rata rate of 69.7-percent to the awardable amount because not all applications had been submitted at the time. After the application deadline, Treasury determined the total amount requested by all contractors was approximately \$4.1 billion, which exceeded the \$3 billion available financial assistance. Because its initial estimated pro-rata rate was low, Treasury calculated an additional 20.3-percent, the top-off amount, for contractors making the final pro-rata rate 90-percent. Treasury explained that 17 contractors did not accept the top-off amount; as such, the final awardable amount for these contractors was 69.7-percent.

Treasury disbursed an initial lump sum payment of one-third of the awardable amount, followed by four equal subsequent payments to ensure it provided sufficient and timely financial assistance corresponding to the applicants' payroll schedule. In instances where Treasury needed to perform additional follow-up with

¹⁰ Internal Revenue Service Form 941 is a tax form that businesses file quarterly to report income taxes, Social Security taxes, and Medicare taxes they withheld from employees' paychecks.

¹¹ The certifying officials attested under penalty of perjury that the information and certifications provided in the application and its attachments are true and correct.

contractors or needed additional time to approve applications, Treasury compressed the payment schedule on a case-by-case basis. Generally, Treasury disbursed the top-off amounts for contractors in February 2021.

PSP1 Interim Audit Report

In a prior audit report,¹² OIG identified two systemic issues affecting the payment amounts administered to all PSP1 recipients for non-241 air carriers and contractors. Specifically, some of the recipients audited included unallowable employer-side payroll taxes and/or corporate officer compensation in their calculation of the awardable amounts on their PSP1 applications. Treasury management acknowledged these issues and agreed to: (1) review payments issued under PSP1 to ensure awarded amounts are allowable per the CARES Act and Treasury guidance; and (2) remedy the incorrect amounts awarded under PSP1. Based on our recommendations, in March 2022, Treasury implemented a PSP1 recertification process whereby recipients had to certify whether they excluded employer-side payroll taxes and corporate officer compensation in their calculation of the awardable amounts on their PSP1 applications. Treasury's goal was to determine if overpayments were made to recipients based on inaccurate information included in PSP1 applications.

Treasury officials told us that if recoupment was necessary for an applicant's inclusion of unallowable expenses, such as corporate officer compensation and employer-side payroll taxes in the application, the recoupment method was dependent on timing. Any overpayment was first offset against the approved top-off payment. If an overpayment remained, or the overpayment was identified after all PSP1 disbursements were made, and the recipient was entitled to PSP2 or PSP3 funding, the overpayment was offset against the PSP2 and/or PSP3 awards prior to issuance. All remaining PSP1 overpayments not previously collected where

¹² Treasury OIG, *Interim Audit Update: Air Carrier and Contractor Certifications for Payroll Support Program (Interim Audit)*, OIG-21-025 (March 31, 2021)

the recipient did not qualify for, or apply for, PSP2 and PSP3 funding, were required to be repaid to Treasury.

Gate Gourmet, Inc.

Headquartered in Reston, Virginia, GGI is a contractor that globally provides in-flight catering services from the United States for airlines from over 30 airports.

GGI submitted two PSP1 applications on April 4, 2020, for \$ [REDACTED] (Gate Gourmets, Inc.) and \$ [REDACTED] (Gate Serve, LLC). Both entities were approved by Treasury to receive PSP1 funds. Treasury combined the applications for both entities, totaling \$ [REDACTED] awardable amount, and issued one PSP1 Agreement to Gate Gourmet, Inc., citing Gate Serve, LLC as an additional recipient. GGI did not receive a contractor top-off payment, resulting in a total award of \$171,424,598. Treasury's disbursements to GGI were as follows:

- June 19, 2020: \$85,712,299
- June 30, 2020: \$42,856,149.50
- July 31, 2020: \$38,480,000.14
- August 7, 2020: \$4,376,149.36

On August 27, 2021, GGI returned to Treasury \$10,695,209 of unexpended PSP1 funds as instructed by Treasury in accordance with the CAA, 2021. GGI received \$74,750,674 for each of the PSP2 and PSP3 applications. PSP2 and PSP3 were not the subject of this audit.

Audit Results

GGI reported correct information for five of seven sections reviewed on its PSP1 Application. These sections are: (1) Applicant Information, (2) Applicant Type, (3) Financial Institution Information, (4) Additional Information, and (5) Certification. We compared information provided in each section of the PSP1

Application to supporting documentation, including organizational charts, earnings statements, employee termination reports, and pay history reports, among other items.

In the Awardable Amounts section, GGI included (1) unallowable corporate officers compensation, and (2) a difference in accrual-based financial information used to prepare the PSP1 Application and the actual compensation paid, resulting in an overstatement of \$2,806,063.

Treasury's awards to contractor carriers under PSP1 included a 69.7-percent pro-rata distribution of application amounts for contractor carriers who did not receive the top-off amount. Applying this formula, GGI received \$1,955,826 overpayment; however, the company returned \$10,695,209 of unexpended PSP1 funds to Treasury offsetting the total overpayment amount. As a result, no additional amounts are owed back to Treasury.

In the Employment Levels section, GGI correctly reported the average number of employees for 2019. We noted that the company incorrectly reported the number of involuntary reductions after March 1, 2020 in the Employment Levels section. Treasury management stated that they had no plans to use the information in the involuntary reductions after March 1, 2020 field. Although we are not reporting this discrepancy as a finding, we are highlighting it as a matter of concern.

Finding

Inaccurate Compilation of the PSP1 Application Awardable Amount

Both the CARES Act and Treasury's Guidelines define "employee" as "an individual, other than a corporate officer, who is employed by an air carrier or contractor in the United States (including its territories and possessions)."

The signed PSP1 Agreement, effective June 19, 2020, defines:

corporate officer as with respect to the recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance);

any other officer who performs a policy-making function; or any other person who performs similar policy-making functions for the recipient. Executive officers of subsidiaries or parents of the recipient may be deemed corporate officers of the recipient if they perform such policy-making functions for the recipient.

Treasury's Guidelines define:

awardable amounts as an amount that such carrier certifies, using sworn financial statements or other appropriate data, as the amount of wages, salaries, benefits, and other compensation paid by such carrier during the time period.

GGI incorrectly certified the PSP1 awardable amount resulting in an overstatement of \$2,806,063. Specifically:

- Corporate Officers Compensation – We determined the total compensation paid to 11 corporate officers was \$[REDACTED]; however, GGI only removed \$[REDACTED] from its awardable amount calculation, resulting in an overstatement of \$1,768,875. Based on discussions with GGI management and a review of the company's 2019 organization chart, we determined that GGI had 11 executives that met the definition of corporate officer per the PSP1 Agreement. The corporate officers were the (1) President; (2) Chief Financial Officer; (3) Chief Human Resource Officer; (4) Vice President Procurement; (5) Vice President Sales and Service; (6) General Counsel; (7) Vice President International Gateways and Network; (8) Vice President Operations and Support; (9) Vice President Operations (Hubs); (10) Vice President Catering Plant Support; and (11) Vice President Finance and Communication Technology.
- Differences in Accrual-Based Financial Information – GGI prepared the PSP1 Application using accrual-based financial data, resulting in a requested amount of \$[REDACTED]; however, the actual compensation paid to company employees was \$[REDACTED], a variance of \$1,037,188.

GGI management's interpretation of the corporate officer definition is an individual performing only policy-making functions. They noted that it was an oversight to include the compensation for the Chief Human Resource Officer. GGI management also stated that the accrual-based data was a single consolidated source of information. The alternative was to use more dispersed, individual reports, and invoices. In addition, in the absence of any direction from Treasury, and during a time of a global pandemic, they believed that accrual-based data was an appropriate way to provide the awardable amount information.

Since Treasury disbursed PSP1 funds pro-rata for contractors, without top-off payment, at 69.7 percent of the requested amount, GGI received an overpayment of \$1,955,826. Table 1 illustrates the aggregate overpayment.

Table 1. Aggregate Overstatement and Pro-Rated Overpayment

Description	Amount
PSP1 Application Requested Amount	\$ [REDACTED]
Less Corporate Officer Compensation	\$(1,768,875)
Less Differences in Accrual-Based Financial Data	\$(1,037,188)
OIG PSP1 Calculated Amount	\$ [REDACTED]
Overstatement	\$2,806,063
PSP1 Passenger Pro-rata	69.7%
Pro-Rated Overpayment	\$1,955,826

Source: OIG Calculation of Awardable Amount

On August 27, 2021, GGI returned \$10,695,209 of unexpended PSP1 funds to Treasury, in accordance with the CAA, 2021 (see footnote 7), offsetting the overpayment. As a result, no additional amounts are owed back to Treasury.

To remedy the findings noted in the prior OIG audit report, (see footnote 12) Treasury required PSP2 applicants to recertify their PSP1 awardable amounts. On January 13, 2021, GGI erroneously certified to Treasury under PSP2, that its PSP1 Application did not include corporate officer compensation. Due to instances of non-compliance in the PSP1 awardable amount, the company may

have potentially included unallowable expenses in its PSP2 and PSP3 financial assistance requests.

Recommendation

We recommend that Treasury's Acting Chief Program Officer:

1. Review GGI's requested amount for unallowable expenses under PSP2 and PSP3, and seek reimbursement for overpayment, if applicable.

Management Response

Treasury will review awardable amounts requested under PSP2 and PSP3 and seek recoupment where appropriate.

OIG Comment

Management's planned corrective actions meet the intent of our recommendation. Management should include its planned corrective actions and expected completion date in JAMES.

* * * * *

We appreciate the courtesies and cooperation provided to our staff during the audit. If you wish to discuss the report, you may contact me at (202) 439-6354 or Christopher Culbreath, Acting Audit Manager, at (202) 486-1983. Major contributors to this report are listed in appendix 4. A distribution list for this report is provided as appendix 5.

/s/

Julie Wong
Acting Deputy Assistant Inspector General for Audit

Appendix 1: Objective, Scope, and Methodology

Our objective was to assess the accuracy, completeness, and sufficiency of Gate Gourmet, Inc.'s (GGI) sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by the Department of the Treasury (Treasury) for the Payroll Support Program (PSP1).

The scope of our audit covered the period from April 1, 2019, through September 30, 2019, and included the certified PSP1 Application, sworn financial statement, tax forms, and other documentation submitted to Treasury on April 4, 2020.

To accomplish this objective, we performed the following activities during audit fieldwork conducted remotely from April 2020 through May 2024:

- Reviewed applicable laws and regulations, including:
 - Title IV, Subtitle B, *Air Carrier Worker Support*, of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act);
 - 14 CFR Part 241, *Uniform System of Accounts and Reports for Large Certificated Air Carriers*, amended May 31, 2024;
 - Title IV, Subtitle A, *Airline Worker Support Extension* of the Consolidated Appropriations Act, 2021; and
 - Title VII, Subtitle C, *Air Transportation Payroll Support Program Extension* of the *American Rescue Plan Act of 2021*.

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- Reviewed Treasury’s policies, procedures, and guidelines related to PSP1:
 - *Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act*, which included the PSP1 Application, March 30, 2020;
 - PSP1 Agreement;
 - *Question and Answer: Payroll Support to Air Carriers and Contractors*, (April 2, 2020, April 3, 2020, and April 20, 2020 versions);
 - *Frequently Asked Questions: Application Procedures for Payroll Support to Air Carriers and Contractors*, April 3, 2020;
 - *Treasury’s Payroll Support Program to Air Carriers and Contractors Internal Program Review Guide*, July 2020; and
 - *Information Memorandum for the Decision Committee of the Air Carrier and Contractors Payroll Support Program*, May 20, 2020.
- Performed 100-percent testing for seven of the eight sections of the PSP1 Application—specifically, the Applicant Information, Applicant Type, Financial Institution Information, Employment Levels, Awardable Amounts, Additional Information, and Certification sections. The Taxpayer Protection section was not reviewed because it generally does not apply to non-241 air carriers. According to Treasury, the Employment Levels section had no impact on Treasury’s determination of recipients’ award amounts. As such, we are not reporting the discrepancy as a finding.
- Reviewed the July 29, 2020 press release¹³ from the House of Representatives Select Subcommittee on the Coronavirus Crisis announcing the launch of an investigation into waste and abuse in Treasury’s Payroll Support Program. On October 9, 2020, the

¹³ “Committees Launch Investigation Into Waste and Abuse In Treasury’s Payroll Support Program,” published July 29, 2020. <https://coronavirus-democrats-oversight.house.gov/news/press-releases/committees-launch-investigation-waste-and-abuse-treasury-s-payroll-support>

Appendix 1: Objective, Scope, and Methodology

Selected Subcommittee issued a Staff Analysis Report,¹⁴ noting that GGI was among the contractors that laid off and furloughed employees while the application was pending.

- Interviewed key Treasury personnel and contracted consultants engaged by Treasury to aid in its evaluation of the air carriers' and the contractors' certified applications and other data.
- Interviewed GGI representatives responsible for the completion and submission of the sworn financial statement. The amounts submitted in the Awardable Amounts section of the PSP1 Application were considered the sworn financial statement.
- Reviewed sworn financial statement and documents to support the requested payroll support amount. The documentation included, but was not limited to, (1) PSP1 Application; (2) 2019 Internal Revenue Service Form 941, *Employer's Quarterly Federal Tax Return*; (3) 2019 Internal Revenue Service Form 851, *Affiliation Schedule*;¹⁵ (4) 2019 organizational charts; (5) April 2019 through September 2019 Earnings Statements; (6) PSP1 Agreement; and (7) employee pay history and furlough information.
- Reviewed Government Accountability Office's *Standards for Internal Control in the Federal Government* to identify the components of internal control that are significant to the audit objective. Understanding internal control within the context of an entity's internal control framework can help auditors determine whether internal control deficiencies exist. We concluded that one of the five internal control components, Control Activities, as related to GGI's payroll systems, was significant to the audit objective.¹⁶ This component states that control activities are the actions management establishes

¹⁴ "Unnecessary Costs: How the Trump Administration Allowed Thousands of Workers to Lose Their Jobs," published October 9, 2020. <https://coronavirus-democrats-oversight.house.gov/news/reports/new-report-shows-treasury-let-aviation-companies-fire-workers-while-reaping-federal>

¹⁵ Internal Revenue Service Form 851 is a tax form that a parent corporation of an affiliated group files with its consolidated income tax return to (1) identify the common parent corporation and each member of the affiliated group; (2) report the amount of overpayment credits, estimated tax payments, and tax deposits attributable to each corporation; and (3) determine that each subsidiary corporation qualifies as a member of the affiliated group.

¹⁶ The five components of internal control are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

Appendix 1: Objective, Scope, and Methodology

through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. To assess the controls over GGI's payroll systems, we examined GGI's response to Data Supplier Questionnaires,¹⁷ reviewed System and Organizational Controls 1 (SOC 1) reports,¹⁸ and interviewed GGI's management responsible for generating and using the data. Additional details regarding our assessment of the reliability of the data is reported in the section below.

- Reviewed Government Accountability Office's *Assessing Data Reliability* guidance, which states that data reliability determination does not involve attesting to the overall reliability of the data or database. For this audit, the audit team has only determined the reliability of the specific data needed to support the findings, conclusions, or recommendations in the context of the audit objective. GGI used Termination Reports from its human resource system and accrual-based data from its financial reporting systems to complete the PSP1 Application. As such, we compared data from the Termination Reports to Pay and Job History Reports. Additionally, to assess the accrual-based data we compared payroll registers at the individual employee level, as well as third-party vendor benefit invoices from April 2019 through September 2019 to the amounts presented in the Awardable Amounts section of the PSP1 Application. During testing, GGI management informed us there were errors/limitations regarding the "termination date" in the Termination Reports. In some instances, the recorded "termination date" is the data entry date, which could occur days or weeks after terminating employees. To mitigate the issue, we reviewed:
- GGI's Termination Reports from March 1, 2020, to April 4, 2020 (PSP1 Application submission date) and selected a sample of 25 out of 250 employees to validate the "terminate date." Based on our review of the Pay and Job History Reports,

¹⁷ A Data Reliability Assessment is completed to assess the reliability of data originating from a system to determine if it is reliable for the purposes of the audit. The Data Supplier Questionnaire would be one of the tools used during the Data Reliability Assessment.

¹⁸ SOC 1 report addresses a company's internal control over financial reporting, which pertains to the application of checks-and-limits. Essentially, it is the audit of a third-party vendor's accounting and financial controls.

Appendix 1: Objective, Scope, and Methodology

the recorded “termination date” in the Termination Reports were accurate for the sampled employees.

- GGI’s Termination Reports from June 19, 2020 (PSP1 Agreement date) to September 30, 2020, identified 122 employees with the status of “involuntary terminated.” Based on our review of the Pay and Job History Reports, the recorded “termination date” in the Termination Reports were accurate for all but one employee. This employee took a voluntary leave of absence in August 2020 but was mistakenly coded as an involuntary termination.

To assess the reliability of GGI’s payroll, human resource, and financial reporting systems, we (1) reviewed available SOC 1 reports; (2) reviewed the GGI’s completed Data Supplier Questionnaires for GGI’s payroll, human resource, and financial reporting systems; (3) observed and documented the process of system generated payroll register, Pay and Job History Reports, and Termination Reports; (4) ensured system generated data were within the expected date range;¹⁹ and (5) interviewed GGI representatives knowledgeable about the data. Based on our assessment, we determined that the data were sufficiently reliable to support the findings and conclusions to answer the objective of this audit.

We conducted this performance audit 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹⁹ The Termination Reports and Pay and Job History Reports had a date range from March 1, 2020, through September 30, 2020. The payroll registers had a date range from April 1, 2019, through September 30, 2019.

Appendix 2: Gate Gourmet Inc. Management Response



April 21, 2026

Chris Culbreath
Auditor, CARES 1 Directorate
U.S. Department of the Treasury
Office of Inspector General

Re: Audit of Air Carrier Worker Support Certifications - Gate Gourmet Inc.

On behalf of Gate Gourmet, Inc. ("GGI"), we would like to thank you for the opportunity to comment on the audit findings. GGI appreciates the thoroughness, flexibility, and professionalism of the audit staff over the past several years. GGI takes its compliance with federal standards very seriously and made every effort over the course of the audit to respond completely and substantively to each inquiry. We also appreciate the report's recognition that there was no loss to the government, as GGI returned as unused more than five times the dollar value of what the Office of Inspector General ("OIG") believes to be the overage in the award.

GGI notes as an initial matter that it submitted its PSP1 application in the midst of a global pandemic that caused severe disruption and dislocation in the aviation industry. GGI worked tirelessly to put together its application in a compliant fashion. Given the compressed timeframe and the absence of a full set of guidance on certain issues, GGI endeavored at all times to take reasonable positions based on its understanding and interpretation of relevant issues. Although GGI firmly believes that every dollar is important, GGI also believes that it is a testament to its good-faith efforts that the audit noted only one finding resulting in 0.8 percent of the OIG calculated awardable amount. With that context, GGI responds as follows to the first and only finding: that there was an "inaccurate compilation of the PSP1 Application Awardable Amount."

First, with regard to Corporate Officers, our understanding of the term's definition was that an individual only becomes a Corporate Officer if they have policy-making authority. As such, GGI looked at the substance of each person's role to determine if that individual was a Corporate Officer, not just their title.

Although GGI respects OIG's conclusion that certain individuals were Corporate Officers notwithstanding GGI's contrary determination, we note that this finding arises out of a good-faith difference in interpretation of relevant requirements rather than any deliberate inclusion of non-qualifying individuals. Additionally, although the award included compensation paid to individuals that OIG believes are Corporate Officers, GGI did not use any of the award to pay their compensation.

gategroup
11955 Democracy Drive, 17th Floor
Reston, VA 20191
USA
www.gategroup.com

Appendix 2: Gate Gourmet Inc. Management Response



Second, regarding the use of accrual-based financial information, the foundational awardable amount data for GGI's application came from its income statement because it was a reliable and comprehensive source of information and allowed under PSP1 application guidelines (see the note below). GGI's financial statements are prepared on an accrual basis. In contrast, OIG used the actual payroll statements and vendor invoices paid during the period, which essentially reflect the cash payments within specific payroll cycles. As a result, timing differences are expected because of the different accounting methods. For example, there will be a timing difference between the payroll in pay statements and payroll expense recorded in the income statement. In the absence of any direction on this point, and at a time when GGI was working on many fronts to survive the pandemic's severe impact on the aviation industry, GGI believed that this was an appropriate way to provide the requested information.

We also note that OIG has indicated that "creating the PSP1 Application using accrual-based financial information was not a prohibited compilation method under Treasury's PSP1 Application guidelines." OFFICE OF INSPECTOR GEN., DEP'T OF THE TREASURY, AUDIT OF AIR CARRIER WORKER SUPPORT CERTIFICATIONS - XOJET AVIATION, LLC, OIG-22-041, at 11 (Sept. 28, 2022); see also OFFICE OF INSPECTOR GEN., DEP'T OF THE TREASURY, AUDIT OF AIR CARRIER WORKER SUPPORT CERTIFICATIONS - ALPINE AVIATION, INC., OIG-22-042 (Sept. 28, 2022) at 8 ("Creating the PSP1 Application using accrual-based general ledger accounting data was not a prohibited compilation method under Treasury's PSP1 Application guidelines."). Thus, although GGI acknowledges OIG's finding that there was a small mismatch between the accrual and cash methods, we believe it is also important to acknowledge GGI's use of a well-recognized accounting method that it believed to be appropriate and permissible.

In sum, GGI appreciates OIG's efforts during this audit and believes that the record reflects GGI's compliance-oriented efforts during the application process and strong partnership with the OIG team during the audit. Given that the audit concluded that GGI returned significantly more funds than OIG believes were improperly allocated, and considering that any differences of opinion were due to GGI's good-faith interpretation of requirements, we respectfully submit that further audits of additional PSP rounds are unnecessary. However, in the event that the Treasury Department determines that additional audits are warranted, GGI commits to working constructively and collaboratively with the audit team.

Sincerely,

Jens Kuhlén
President

Som Venkatanarayan
Chief Financial Officer

gategroup
11955 Democracy Drive, 17th Floor
Reston, VA 20191
USA

www.gategroup.com

Appendix 3: Treasury Management Response



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 14, 2026

Julie Wong
Acting Deputy Assistant Inspector General for Audit
U.S. Department of the Treasury – Office of Inspector General
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Ms. Wong:

I write regarding the Office of Inspector General's (OIG) draft *Audit of Air Carrier Worker Support Certifications* (Draft Report), regarding Gate Gourmet, Inc. (the Recipient), a recipient of funds under Treasury's Payroll Support Program (PSP). The U.S. Department of the Treasury (Treasury) appreciates OIG's efforts.

Background on the Payroll Support Program

PSP was part of an effort to provide emergency assistance in response to the unprecedented challenges presented by the COVID-19 public health emergency and had three iterations:

- The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020, and established the Payroll Support Program (PSP1) to provide financial assistance to America's passenger air carriers, cargo air carriers, and certain aviation contractors. Treasury disbursed more than \$28 billion to over 600 businesses in PSP1, directly supporting more than 600,000 American jobs.
- In December 2020, the Consolidated Appropriations Act, 2021, created the Payroll Support Program Extension (PSP2) for eligible passenger air carriers and certain aviation contractors. Treasury disbursed over \$15 billion to over 480 passenger air carriers and contractors under PSP2.
- In March 2021, the American Rescue Plan Act of 2021 provided an additional \$15 billion for Treasury to make further payroll support payments to entities that participated in PSP2 (PSP3). Treasury disbursed over \$14.5 billion to over 480 passenger air carriers and contractors under PSP3.

The CARES Act set forth two different methodologies for calculating awardable amounts for the largest carriers and for smaller air carriers and aviation contractors. For the largest air carriers, which received approximately 89% of the total PSP assistance, PSP1 amounts were based on reports the carriers had filed with the U.S. Department of Transportation under 14 C.F.R. part 241. In contrast, the statute required Treasury to provide financial assistance to smaller air carriers and aviation contractors in an amount that the applicants certified, using sworn financial statements or other appropriate data, as the amount of wages, salaries, and benefits that they paid to their employees during the time period from April 1, 2019, through September 30, 2019.

Appendix 3: Treasury Management Response

For awards to the smaller companies, the PSP1 application and Treasury's guidelines made clear that the awardable amounts should not include, inter alia, (1) any employer-side payroll taxes, which are not paid to employees, and (2) compensation paid to corporate officers and non-employee contractors. Before accepting PSP2 applications, Treasury published additional guidance further emphasizing that such amounts should not be included in the companies' awardable amount calculations.¹ In both PSP1 and PSP2, Treasury required two officials of each applicant, including at least one corporate officer, to certify that the information provided in the application was correct and did not contain any materially false or fraudulent statements.

In April 2020, OIG began a series of audits of PSP1 recipients to determine whether they had properly calculated their requested awardable amounts. In March 2021, OIG issued an Interim Audit Update, notifying Treasury that a number of recipients being audited had impermissibly included, in their PSP1 applications, employer-side payroll taxes or corporate officer compensation in the calculation of the awardable amount, which may have resulted in an overstatement of the amount of PSP1 funds requested. In response, Treasury promptly took a series of remedial actions, including requiring that all PSP1 applicants receiving awards on the basis of self-certification re-certify whether their awardable amounts included employer-side payroll taxes or corporate officer compensation. Where a company informed Treasury that it had improperly included those amounts in its application, Treasury either withheld future PSP1 disbursements or began pursuing debt recoupment. Through this process, Treasury has successfully recouped more than \$147 million of PSP overpayments.

OIG's Finding

The Draft Report describes the work performed by OIG to determine whether the Recipient's requested awardable amount complied with the guidelines provided by Treasury. The Draft Report notes the extensive fieldwork conducted for this review between April 2020 and May 2024 to determine the accuracy of the information in the Recipient's PSP1 application submitted to Treasury, including interviewing the Recipient's management and collecting and reviewing a wide range of the company's financial records and corporate documents.

OIG found that the Recipient overstated its requested awardable amount for PSP1 due to the improper inclusion of unallowable corporate officers' compensation and differences between accrual-based financial information used to prepare the PSP1 Application and the actual compensation paid. However, OIG also found that Recipient returned unexpended PSP1 funds in excess of the overstated amount. Therefore, no additional amounts are owed back to Treasury. OIG recommends that Treasury review the requested amounts from the Recipient for PSP2 and PSP3 assistance.

Treasury agrees with OIG that any overpayments of PSP funds should be reimbursed. Treasury will review awardable amounts requested under PSP2 and PSP3 and seek recoupment where appropriate.

¹ Because awardable amounts in PSP3 were calculated as a percentage of each company's PSP2 award, companies were not required to calculate awardable amounts for PSP3.

Appendix 3: Treasury Management Response

Again, Treasury appreciates OIG's work on these engagements. We look forward to working with you to protect the integrity of the PSP and other recovery programs.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Stout', with a stylized flourish at the end.

Jeffrey Stout
Deputy Chief Program Officer for Small Business
and Community Investment Programs

Appendix 4: Major Contributors to This Report

Olivia Scott, Acting Director
Christopher Culbreath, Acting Audit Manager
Sean Cornett, Auditor
Lawerence Delva-Gonzalez, Referencer

Appendix 5: Report Distribution

Department of the Treasury

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Office of Strategy, Planning, and Performance Improvement
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Gate Gourmet, Inc.

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OIG Budget Examiner

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