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**TD F 15-05.11 (3/07)**



# Audit Report



OIG-26-033

## CORONAVIRUS DISEASE 2019 PANDEMIC RELIEF PROGRAMS

### Audit of Airline Worker Support Extension Certification – Allied New York Services, Inc.

June 9, 2026

Office of Inspector General  
Department of the Treasury

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OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

June 9, 2026

**MEMORANDUM FOR JEFFREY STOUT  
ACTING CHIEF PROGRAM OFFICER**

**FROM:** Pauletta Battle /s/  
Assistant Inspector General for Audit

**SUBJECT:** Audit of Airline Worker Support Extension Certification — Allied  
New York Services, Inc.

Attached is our audit report for the *Audit of Airline Worker Support Extension Certification — Allied New York Services, Inc* (Allied) (OIG-26-033; June 9, 2026). Under a contract monitored by our office, Saggar & Rosenberg, P.C. (S&R), a certified independent public accounting firm, performed the audit. The objective of this audit was to assess the accuracy, completeness, and sufficiency of Allied's 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 Extension (PSP2). This audit was mandated by Title IV, Subtitle A, *Airline Worker Support Extension*, of the Consolidated Appropriations Act, 2021.<sup>1</sup> The scope of our audit covered the period from October 1, 2019, through March 31, 2020, and included the certified PSP2 Application, sworn financial statement, tax returns, and other documentation submitted to Treasury.

In its audit report, S&R found that Allied, a contractor, incorrectly reported information in the Determining Awardable Amount section of the PSP2 Application.<sup>2</sup> Specifically, Allied included \$ [REDACTED] in employer-side payroll taxes and \$ [REDACTED] in employee compensation paid by an affiliate not included in the PSP2 Application. The unallowable amount of \$3,362,506 was largely offset by a \$3,163,957 understatement related to the differences between the actual compensation paid and the amounts requested on the PSP2 Application. Overall, Allied overstated its requested awardable amount by \$198,549. Since Treasury disbursed PSP2 funds

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<sup>1</sup> P.L. 116-260 (December 27, 2020)

<sup>2</sup> Allied's PSP2 Application included nine other United States based affiliate companies. All affiliate companies are overseen by the same management group.

pro-rata for contractors at 30.4 percent of the requested amount, Allied received an overpayment of \$60,359. As a result, S&R questions the costs totaling \$60,359.

Accordingly, S&R recommends the Acting Chief Program Officer:

1. seek reimbursement of the \$60,359 overpayment to Allied for PSP2 financial assistance; and
2. review Allied's requested amount for unallowable expenses, under Payroll Support Program 3, authorized by the American Rescue Plan Act of 2021 and seek reimbursement for the overpayment.<sup>3</sup>

Our contract required that the audit be performed in accordance with generally accepted government auditing standards. In connection with the contract, we reviewed S&R's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express an opinion on Allied's compliance with Treasury's PSP2 policies and procedures. S&R is responsible for the attached auditor's report and the conclusions expressed therein. Our review found no instances in which S&R did not comply, in all material respects, with generally accepted government auditing standards.

We appreciate the courtesies and cooperation provided to S&R and our staff during the audit. If you have any questions or require further information, please contact me at (202) 927-5400, or a member of your staff may contact Julie Wong, Acting Deputy Assistant Inspector General for Audit, at (202) 439-6354.

#### Attachment

cc: Thao P. Tran, Acting Chief Operating Officer, Department of the Treasury  
Danielle Christensen, Deputy Chief Program Officer for State and Local Programs, Office of Capital Access, Department of the Treasury  
Jason Morrow, Senior Counsel, Department of the Treasury  
Jeff Davis, Partner, Saggar & Rosenberg, P.C.

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<sup>3</sup> P.L. 117-2, The American Rescue Plan Act 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.

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## Abbreviations

Allied	Allied New York Services, Inc
CAA	Consolidated Appropriations Act, 2021
DOT	Department of Transportation
DUNS	Data Universal Numbering System
IRS	Internal Revenue Service
JAMES	Joint Audit Management Enterprise System
OIG	Treasury Office of Inspector General
PSP1	Payroll Support Program, Coronavirus Aid, Relief, and Economic Security Act
PSP2	Payroll Support Program Extension, Consolidated Appropriations Act, 2021
PSP2 Guidelines	Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors
PSP3	Payroll Support Program 3, American Rescue Plan of 2021
S&R	Saggar & Rosenberg, P.C.
SOC 1	System and Organizational Controls
Treasury	Department of the Treasury

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June 9, 2026

Jeffrey Stout  
Acting Chief Program Officer  
Department of the Treasury

This report presents the results of our audit of Allied New York Services, Inc.'s (Allied's) certifications made to the Department of the Treasury (Treasury) as part of its participation in the Payroll Support Program Extension (PSP2). This audit was mandated by Title IV, Subtitle A, *Airline Worker Support Extension*, of the Consolidated Appropriations Act, 2021 (CAA). Under the CAA, Treasury was to provide \$16 billion in financial assistance to passenger 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.<sup>4</sup> Furthermore, the Treasury Office of Inspector General (OIG) is required to audit certifications made by passenger air carriers that do not report salaries and benefits to the Department of Transportation (DOT) (hereinafter referred to as non-241 air carriers)<sup>5</sup> and contractors.

Our audit objective was to assess the accuracy, completeness, and sufficiency of Allied's sworn financial statement or other data used to certify the wages, salaries, benefits, and other compensation amounts submitted and approved by Treasury for PSP2. The scope of our audit covered the period from October 1, 2019, through March 31, 2020, and included the certified PSP2 Application, sworn financial statement, tax returns, and other documentation submitted to Treasury on January 12, 2021.

To accomplish the objective, we reviewed applicable federal laws and regulations; and Treasury's policies, procedures and guidance,

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<sup>4</sup> The financial assistance provided under the CAA was split between passenger air carriers (\$15 billion) and contractors (\$1 billion).

<sup>5</sup> Passenger 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."

including but not limited to, Title IV, Subtitle A, *Airline Worker Support Extension* of the CAA; *Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors* (PSP2 Guidelines); PSP2 Agreement; and *Question and Answer: Payroll Support Program Extension for Passenger Air Carriers and Contractors*. We interviewed key personnel from Allied and Treasury. We conducted our fieldwork from February 2025 through September 2025. Appendix 1 contains a more detailed description of our objective, scope, and methodology.

## Results in Brief

We found that Allied, a contractor, reported correct information for five of six sections reviewed on its PSP2 Application.<sup>6</sup> These sections are: (1) Recipient Information, (2) Eligibility Questions, (3) Company Information, (4) Affiliates, and (5) Certification. We also found that Allied reported incorrect information in the Determining Awardable Amount section of the PSP2 Application.

Specifically, Allied included \$ [REDACTED] in employer-side payroll taxes, and \$ [REDACTED] in ineligible-employee compensation, totaling \$3,362,506. The unallowable expenses were largely offset by a \$3,163,957 understatement related to differences between the actual compensation paid and the amounts requested on the PSP2 Application. Overall, Allied overstated its awardable amount by \$198,549. Since Treasury disbursed PSP2 funds pro-rata for contractors at 30.4 percent of the requested amount, Allied received an overpayment of \$60,359. As a result, we question the costs totaling \$60,359.

Accordingly, we recommend the Acting Chief Program Officer seek reimbursement of the \$60,359 overpayment to Allied for PSP2 financial assistance; and review Allied's requested amount for unallowable expenses, under Payroll Support Program 3 (PSP3), authorized by the American Rescue Plan Act of 2021 and seek reimbursement for the overpayment. Appendix 2 contains the schedule of monetary benefits.

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<sup>6</sup> The PSP2 Application is comprised of ten sections. We did not review four sections because the Financial Information, Bankruptcy Information, and Employment Levels sections had no impact on Treasury's determination of recipients' award amounts; and the Validation of Payroll Support Program (PSP1) Award Amount section had no impact on Allied's PSP2 awarded amount because the company did not receive PSP1 financial assistance.

As part of our reporting process, we provided Allied management with an opportunity to comment on a draft of this report. In a written response, Allied management stated they have reviewed the report and accept the conclusions and recommendations. Allied management's response, in its entirety, is included as appendix 3 of this report.

In a written response, Treasury management concurred with our recommendations and agreed that any overpayments of PSP funds should be recouped. Treasury stated it will conduct a review of the findings, consider any response from the recipient, and seek recoupment of any amounts that Treasury determines have been overpaid. Treasury management will need to record an estimated completion date for these actions in the Joint Audit Management Enterprise System (JAMES). Management's planned corrective actions meet the intent of our recommendations. Treasury management's response, in its entirety, is included as appendix 4 of this report.

## Background

Title IV, Subtitle A, of the CAA, *Airline Worker Support Extension*, 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 \$15 billion; and
- (2) contractors, in an aggregate amount up to \$1 billion.

According to the CAA, Treasury is required to provide financial assistance to contractors, in an amount equal to: (1) the amount such contractor was approved to receive (without taking into account any pro-rata reduction) under Payroll Support Program (PSP1);<sup>7</sup> or (2) in the event such contractor did not receive financial assistance under PSP1, an amount that the contractor

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<sup>7</sup> P.L. 116-136, The Coronavirus Aid, Relief, and Economic Security Act, enacted on March 27, 2020, created the *Air Carrier Worker Support*. The program provided payroll support to passenger air carriers, cargo air carriers, and certain contractors for the continuation of payment of employee wages, salaries, and benefits in response to the economic impact of Coronavirus Disease 2019. Treasury referred to this as PSP1.

certifies, using sworn financial statements or other appropriate data, as the amount of wages, salaries, benefits, and other compensation that such contractor paid the employees of such contractor during the period from October 1, 2019, through March 31, 2020. The amounts submitted on the application to Treasury were considered sworn financial statements. To be eligible for payments, contractors must enter into agreements with Treasury certifying that they meet certain required assurances, terms, and conditions.

On December 29, 2020, Treasury posted on its website the PSP2 Guidelines. Afterwards, Treasury posted a web-based PSP2 Application for applicants to complete and submit. The PSP2 Application was comprised of ten sections:

1. Recipient Information — (1) indication of whether the applicant is an eligible passenger air carrier or an eligible contractor; (2) Form-41 filer indication;<sup>8</sup> (3) applicant's name; (4) applicant's taxpayer identification number; and (5) PSP1 Applicant indication, if applicable, by listing the PSP1 Application number, whether PSP1 Application was approved, and financial assistance received.
2. Eligibility Questions — selection of whether the applicant is a direct passenger air carrier, an indirect passenger air carrier, a direct contractor, or a subcontractor.<sup>9</sup>
3. Company Information — (1) applicant's Data Universal Numbering System (DUNS) number;<sup>10</sup> (2) indication of whether the applicant is registered with the System for Award Management;<sup>11</sup> (3) applicant's entity type; (4) applicant's address; and (5) contact person name, title, phone number, and email address.

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<sup>8</sup> A Form-41 filer is a large certificated air carrier, who is required to report financial information to DOT.

<sup>9</sup> Direct air carrier means a certificated commuter, foreign air carrier, an air taxi operator, or a Canadian charter air taxi operator; that directly engages in the operation of aircraft under a certificate, authorization, permit or exemption issued by DOT. Indirect air carriers are organizers and service providers who use services of a direct air carrier but do not operate or own the aircraft. A direct contractor is hired directly by the client to complete a project, whereas a subcontractor is hired by the contractor to complete tasks within the contract.

<sup>10</sup> A DUNS number is a unique nine-digit identifier associated with a company's credit profile.

<sup>11</sup> Entities registered on the System for Award Management, which is administered by the General Services Administration, are allowed to bid on government contracts and apply for federal assistance.

4. Financial Information — (1) the applicant’s account type, number, and routing number; and (2) the financial institution’s name, address, and telephone number.
5. Bankruptcy Information — applicant’s indication as to whether they have taken or is contemplating taking action to commence bankruptcy, to include explanation, debtor name, bankruptcy court, case number, type of bankruptcy filing, and date of bankruptcy filing.
6. Employee Levels — (1) applicant’s average number of employees for 2019 and 2020; (2) employee count as of the date of the PSP2 Application; (3) if applicant did not apply for PSP1, number of involuntary reductions after March 27, 2020; and (4) if applicant applied for PSP1, number of involuntary reductions after October 1, 2020.
7. Determining Awardable Amount — applicant’s sworn financial statement consisting of salaries, wages, benefits, and other compensation for October 1, 2019, to March 31, 2020.
8. Validation of PSP1 Award Amount — applicant’s recertification to whether unallowable expenses were included in its PSP1 Application, to include corporate officer compensation, independent contractors, employer-side payroll taxes, and amounts other than wages, salaries, benefits, and other compensation.
9. Affiliates — (1) affiliate name; (2) affiliate applicant type; (3) affiliate taxpayer ID; and (4) affiliate DUNS number.
10. Certification — names, titles, and signatures of two certifying officials<sup>12</sup> and application submission date.

### Treasury Disbursement Processes

The total PSP2 requested amount (also referred to as awardable amount) by all contractor applicants exceeded the \$1 billion available financial assistance. As a result, Treasury applied a

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<sup>12</sup> The certifying officials attested under penalty of perjury that the information and certifications provided in the application and its attachments are true and correct.

pro-rata rate of 30.4 percent to the requested amount. Generally, Treasury disbursed two payments—each half of the awarded amount.

### Allied New York Services, Inc.

Headquartered in New York, New York, Allied is a contractor that provides fueling services for the commercial aviation industry at some of the largest airports in the United States.

Allied's PSP2 Application included nine other United States based affiliate companies: (1) Allied Aviation Fueling Company of Texas, Inc.; (2) Allied Aviation Fueling Company of San Antonio, Inc.; (3) Allied Aviation Service Company of New York, Inc.; (4) Allied Aviation Service Company of New Jersey, Inc.; (5) Allied Aviation Fueling of National Airport, LLC; (6) Allied Aviation Fueling of South Carolina, LLC; (7) Allied Aviation Fueling Company of Miami, Inc.; (8) Allied Aviation Fueling Company of Houston, Inc.; and (9) Allied Aviation Fueling Company, Inc. All affiliates are managed and operated by the same management group.

Allied's PSP2 requested amount is \$ [REDACTED]. The company received \$15,755,055, or 30.4 percent of the requested amount. Treasury's disbursements to Allied were as follows:

- June 4, 2021: \$7,877,528
- June 22, 2021: \$7,877,527

In addition to PSP2, Treasury awarded Allied \$15,755,055 under PSP3 authorized by the American Rescue Plan Act of 2021. PSP3 was not the subject of this audit.

## **Audit Results**

We found that Allied reported correct information for five of six sections reviewed on its PSP2 Application. These sections are: (1) Recipient Information, (2) Eligibility Questions, (3) Company Information, (4) Affiliates, and (5) Certification. We compared information provided in each section of the PSP2 Application to supporting documentation, including general ledger data, company sworn financial statement, Internal Revenue Service (IRS) Form

941,<sup>13</sup> executive-level business charts, payroll registers, and third-party benefit claim and invoice data, among other items.

We also found that Allied incorrectly reported information in the Determining Awardable Amount section. Specifically, the company included: (1) employer-side payroll taxes and (2) ineligible-employee compensation, totaling \$3,362,506; however, the unallowable expenses were largely offset by a \$3,163,957 understatement related to differences between the actual compensation paid and the amounts requested on the PSP2 Application. Overall, Allied overstated its PSP2 requested amount by \$198,549. Since Treasury disbursed PSP2 funds pro-rata for contractors at 30.4 percent of the requested amount, Allied received an overpayment of \$60,359.

## Finding

### **Inaccurate Compilation of the PSP2 Application Awardable Amount**

Treasury's PSP2 Application instructs applicants to enter: (1) salaries and wages as an amount equal to Line 2 on its IRS Form 941 for October - December of tax year 2019 and January - March of tax year 2020, less amounts paid to corporate officers of the company; and (2) benefits in an amount equal to benefits paid to all individuals on payroll from October 1, 2019 through March 31, 2020, less benefits paid to corporate officers of the company.

According to the instructions for IRS Form 941, employers are to enter amounts on Line 2 that are equal to Box 1 [Wages, tips, other compensation] of the employees' IRS Form W-2. The Form W-2 instructions requires that Box 1 excludes elective deferrals such as employee contributions to 401(k).

Treasury's PSP2 Guidelines define:

benefits as without duplication of any amounts counted as salary or wages, pension expenses in respect of employees, all expenses for accident, sickness, hospital, and death benefits to employees, and the cost of insurance to provide such benefits; any severance pay or other benefits payable to employees pursuant to a bona fide voluntary early retirement program or

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<sup>13</sup> IRS 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.

voluntary furlough; and any other similar expenses paid by a passenger air carrier or contractor for the benefit of employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6,<sup>14</sup> Form 41, as published by the Department of Transportation, but excluding any federal, state, or local payroll taxes paid by a passenger air carrier or contractor;

employee as an individual who is employed by an air carrier or a contractor and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a corporate officer or independent contractor; and

salaries as without duplication of any amounts counted as benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by a passenger air carrier or contractor to its employees, but excluding any federal, state, or local payroll taxes paid by the passenger air carrier or contractor.

Allied incorrectly certified its PSP2 awardable amount, resulting in an overstatement of \$3,362,506. Specifically, Allied included:

- Employer-side payroll taxes, resulting in an overstatement of \$ [REDACTED]; and
- Employee compensation paid by an affiliate not included in the PSP2 Application, resulting in an overstatement of \$ [REDACTED].

The \$3,362,506 overstatement was largely offset by an understatement of \$3,163,957. The understatement included differences between:

- Actual salaries and wages incurred from October 1, 2019, through March 31, 2020, totaling \$ [REDACTED], which

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<sup>14</sup> The Schedule P-6 is one of the financial reports 241 air carriers must submit to DOT. The schedule contains data for a company's quarterly operating expenses and is separated into categories such as salaries and fringe benefits.

exceeded the requested amount of \$ [REDACTED], resulting in an understatement of \$2,367,944; and

- Actual benefits<sup>15</sup> paid and the application figures compiled using accrual-based financial information, resulting in an understatement of \$796,013.

Overall, Allied overstated its awardable amount by \$198,549. Since Treasury disbursed PSP2 funds pro-rata for contractors at 30.4 percent of the requested amount, Allied received an overpayment of \$60,359. Table 1 illustrates the overpayment.

**Table 1. Aggregate Overstatement and Pro-Rated Overpayment**

Description	Amount
PSP2 Application Requested Amount	\$ [REDACTED]
Less Employer-side Payroll Taxes	\$ ([REDACTED])
Less Ineligible-employee Compensation	\$ ([REDACTED] 7)
Plus Eligible Employee Wages	\$2,367,944
Plus Eligible Employee Benefits	\$796,013
PSP2 Calculated Amount	\$ [REDACTED]
<b>Overstatement</b>	<b>\$198,549</b>
PSP2 Contractor Pro-rata	30.4%
<b>Pro-rated Overpayment</b>	<b>\$60,359</b>

Source: S&R Calculation of Awardable Amount

Allied management stated that the inclusion of payroll taxes and the differences between actual benefits paid and the amounts requested were due to unintentional oversight. Furthermore, management considered the compensation paid to individuals supporting certain administrative functions for the Allied PSP2 affiliates, as an eligible PSP2 expense. In addition, Treasury’s PSP2 Application instructed applicants to exclude elective deferrals, such as employee contributions to 401(k) and health insurance, which are considered eligible expenses for PSP2 purposes.

In addition to PSP2, Allied received financial assistance under PSP3. For contractors, the PSP3 awardable amount was to be

<sup>15</sup> Allied’s benefits requested include medical insurance, dental insurance, life insurance, disability insurance, workers compensation, and 401(k) match expenses.

equal to the amount awarded under PSP2. As a result, Allied inherently included employer-side payroll taxes and ineligible-employee compensation in its PSP3 awardable amount.

### **Recommendations**

S&R recommends that Treasury’s Acting Chief Recovery Officer:

1. Seek reimbursement of the \$60,359 overpayment to Allied for PSP2 financial assistance.

#### **Management Response**

Treasury will conduct a review of the findings, consider any response from the recipient, and seek recoupment of any amounts that Treasury determines have been overpaid.

#### **OIG Comment**

Management’s planned corrective actions meet the intent of our recommendation. Treasury management will need to record an estimated completion date for these actions in JAMES.

2. Review Allied’s requested amount for unallowable expenses under PSP3 and seek reimbursement for the overpayment.

#### **Management Response**

Treasury will conduct a review of the findings, consider any response from the recipient, and seek recoupment of any amounts that Treasury determines have been overpaid.

#### **OIG Comment**

Management’s planned corrective actions meet the intent of our recommendation. Treasury management will need to record an estimated completion date for these actions in JAMES.

\* \* \* \* \*

We appreciate the courtesies and cooperation provided to our staff during the audit. A distribution list for this report is provided as appendix 5.

Saggar & Rosenberg, P.C. /s/

## Appendix 1: Objective, Scope, and Methodology

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Our objective was to assess the accuracy, completeness, and sufficiency of Allied New York Services, Inc. (Allied) 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 Extension (PSP2).

The scope of our audit covered the period from October 1, 2019, through March 31, 2020, and included the certified PSP2 Application, sworn financial statement, tax returns, and other documentation submitted to Treasury on January 12, 2021.

To accomplish this objective, Saggart & Rosenberg, P.C. performed the following activities during audit fieldwork from February 2025 through September 2025:

- Reviewed applicable federal laws and regulations, including:
  - *Title IV, Subtitle A, Airline Worker Support Extension*, of the Consolidated Appropriations Act, 2021; and
  - 14 CFR Part 241, *Uniform System of Accounts and Reports for Large Certificated Air Carriers*, amended April 2, 2025.
- Reviewed Treasury's policies, procedures, and guidance related to PSP2:
  - *Guidelines and Application Procedures for Payroll Support to Passenger Air Carriers and Contractors*, December 29, 2020;
  - PSP2 Agreement;
  - *Question and Answer: Payroll Support Program Extension for Passenger Air Carriers and Contractors*, (January 19, 2021, and March 10, 2021, versions).
- Performed 100 percent testing for six of the ten sections of the PSP2 Application—specifically, the Company Information, Recipient Information, Eligibility Questions, Affiliates, Determining Awardable Amount, and Certification sections. We did not review four sections because the Financial Information, Bankruptcy Information, and Employment Levels sections had no impact on Treasury's determination of recipients' award

## Appendix 1: Objective, Scope, and Methodology

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amounts; and the Validation of Payroll Support Program Award Amount section had no impact on Allied's PSP2 awarded amount because the company did not receive Payroll Support Program financial assistance.

- Interviewed key Treasury personnel.
- Interviewed Allied's management responsible for the completion and submission of the sworn financial statement in the Determine Awardable Amount section of the PSP2 Application.
- Reviewed sworn financial statement and documents to support the requested payroll support amount. The documentation included but was not limited to: (1) general ledger data, (2) company pay registers, (3) benefit claim information, (4) Internal Revenue Service Form 941 – *Employer's Quarterly Federal Tax Return*, and (5) organizational hierarchy.
- 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 Allied's payroll system, was significant to the audit objective.<sup>16</sup> This component states that control activities are the actions management establishes 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 Allied's payroll system, we examined Allied's response to Data Supplier Questionnaires,<sup>17</sup> reviewed a System and Organizational Controls 1 (SOC 1) report,<sup>18</sup> and interviewed Allied's management responsible for generating and using the

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

<sup>17</sup> 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 of a third-party vendor's accounting and financial controls. The Data Supplier Questionnaire would be one of the tools used during the Data Reliability Assessment.

<sup>18</sup> 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

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data. Additional details regarding our assessment of the reliability of the data are reported in the section below.

- Reviewed Government Accountability Office’s *Assessing Data Reliability* guidance, which states that a 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. Allied prepared the PSP2 Application using payroll and benefit information from Allied’s payroll and financial accounting systems. We compared details generated from the payroll registers at the individual employee level, as well as third-party benefit data from October 1, 2019, through March 31, 2020, to the amounts presented in the Determine Awardable Amount section of the PSP2 Application.

To assess data reliability of these sources, we (1) reviewed the Data Supplier Questionnaires for the payroll and financial accounting systems, (2) reviewed the SOC 1 report for the payroll system, and (3) interviewed Allied’s management responsible for generating and using the data. Based on our assessment, we determined that the data was 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.

## Appendix 2: Schedule of Monetary Benefits

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According to the Code of Federal Regulations,<sup>19</sup> a questioned cost is a cost that is questioned by the auditor because of:

- (a) an alleged violation of a provision of a law, regulation, contract, or other requirement governing the expenditure of funds;
- (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Questioned costs are to be recorded in the Department of the Treasury's (Treasury) Joint Audit Management Enterprise System. The amount will also be included in the Treasury Office of Inspector General (OIG) Semiannual Report to Congress. It is Treasury management's responsibility to report to Congress on the status of the agreed to OIG recommendations with monetary benefits in accordance with Section 405(c) of the Inspector General Act of 1978, as amended.

<u>Recommendation</u>	<u>Questioned Costs</u>
Recommendation No. 1	\$60,359

The questioned cost represents amounts provided by Treasury under the Payroll Support Program Extension (PSP2). As discussed in the Finding, Allied New York Services, Inc. overstated its PSP2 requested amount to Treasury by \$198,549 due to: (1) the inclusion of unallowable payroll taxes, (2) the inclusion of ineligible-employee compensation, and (3) differences between the actual PSP2-eligible compensation paid and the requested amount. Treasury's disbursement of PSP2 funds to contractors was based on a pro-rata rate of 30.4 percent of the requested amount, therefore, we question the cost totaling \$60,359.

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<sup>19</sup> 2 CFR § 200.1 – Questioned Cost

## Appendix 3: Allied New York Services, Inc. Management Response

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1219 S East Avenue  
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Tel: [REDACTED]

431 5<sup>th</sup> Avenue,  
6<sup>th</sup> Floor  
New York, 10016

May 14, 2026

Via Email  
Saggar & Rosenberg, P.C.

RE: Draft Report of May 13, 2026- PSP2 Audit -Allied New York Services, Inc.

Dear Sir/Madam:

We acknowledge receipt of your final draft report dated May 13, 2026, and we accept the conclusions and recommendations outlined therein.

As indicated in the report, the incorrect reporting of payroll taxes and inclusion of ineligible employee payroll was unintentional and resulted from a misunderstanding in the calculation and treatment of certain payroll elements. This is further supported by the relatively small proportion of overstated payroll compared to the total PSP2 payroll relief requested.

We also note that the funds received provided significant support, enabling our company to retain many valued and experienced employees and to resume airport fueling services. In conclusion, we do not dispute the audit findings and consider the report to be final.

Respectfully submitted,

[REDACTED]

Robert L. Rose  
President

## Appendix 4: Treasury Management Response

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DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

June 2, 2026

Pauletta Battle  
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. Battle:

I write regarding the Office of Inspector General's (OIG) draft *Audit of Air Carrier Worker Support Certifications* (Draft Report), regarding Allied New York Services, 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 4: Treasury Management Response

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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.<sup>1</sup> 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 February 2025 and December 2025 to determine the accuracy of the information in the Recipient's PSP2 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 PSP2 due to the improper inclusion of employer-side payroll taxes and ineligible-employee compensation. OIG recommends that Treasury recoup \$60,359 from the Recipient for PSP2, and that Treasury review the Recipient's request for PSP3 assistance.

Treasury agrees with OIG that any overpayments of PSP funds should be reimbursed. Treasury will review OIG's findings, consider any response from the Recipient, and seek recoupment of any amounts that Treasury determines have been overpaid.

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<sup>1</sup> 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 4: Treasury Management Response

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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 long horizontal flourish extending to the right.

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

## **Appendix 5: Report Distribution**

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Treasury Secretary  
Deputy Secretary  
Treasury Audit Liaison  
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### **Allied New York Services, Inc.**

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