U.S. Department of the Interior
Office of Inspector General

Employee Relocation

U.S. Department of the Interior

Report No. WR-EV-MOI-0008-2008 September 2009

United States Department of the Interior

Office of Inspector General
Western Region
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September 21, 2009

Memorandum

To: Daniel L. Fletcher
Director, Office of Financial Management

From: Michael P. Colombo
Regional Manager

Subject: Evaluation Report on Employee Relocation, U.S. Department of the Interior (Report No. WR-EV-MOI-0008-2008)

This memorandum presents the results of our evaluation of employee relocations, officially known as permanent change of station (PCS) relocations, administered by the Department of the Interior (Department). We performed the evaluation to determine whether Departmental Bureaus and Offices (Bureaus) properly administered and managed PCS relocation transactions. Although the Department spent more than $57 million in fiscal year 2008 on employee relocations, none of the Bureaus used an integrated information system to manage PCS relocation financial and activity-related data. As a result, the Bureaus are unable to identify the cost of individual PCS relocations without extensive research of cost information from multiple systems and sources. The lack of readily available data not only hindered and limited our review, it also prevents real-time monitoring of the PCS relocation caseload and management's ability to control and administer travel costs associated with relocating employees.

We also noted that the Bureaus were not preparing comprehensive travel authorizations (TA) and service agreements (SA) to control PCS relocation payments, and identified instances where the Bureaus made inappropriate PCS payments or where the benefit to the government was questionable. Although the Department's recent issuance of a new policy for administering PCS relocations addresses our concern relative to program compliance, the policy must be implemented using an integrated management information system for PCS relocation. Otherwise, management will continue to administer the program in a piecemeal fashion, rather than manage the program as a whole.

Management Information System Needed

As we began our evaluation,[1] we discovered that neither the Department nor the Bureaus were using an integrated information system to manage PCS relocation financial and activity-

[1] Our evaluation was performed in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency.

related data. We initially requested that each of the Department's Bureaus provide us with a list of the employee relocations during the 18-month period ending March 31, 2008, as well as the amount of funds obligated and expended for each move and other move-related information. At the entrance conference, representatives of the Department and the various Bureaus reported that they did not have systems to track and report PCS relocation costs and data by individual move, and that it would be difficult and time consuming to compile the information from multiple data systems and manual records. The National Park Service (NPS), which had already compiled PCS data based on a previous request by our office, confirmed that the effort required approximately 200 hours of staff time. Using payroll data, the National Business Center (NBC) was able to provide us with a list of approximately 13,900 PCS payments made to Departmental employees during the specified period. NBC's data, however, included only payments processed through the payroll system and excluded payments to contractors for guaranteed home sales and other relocation services, and for moving and storage of household goods and vehicles. In fiscal year 2008, these types of costs represented almost $38 million or 65 percent of the Department's total PCS relocation expenditures.

The Department's lack of information is not unique. In September 2005, the Governmentwide Relocation Advisory Board[2] (Board) reported that the General Services Administration had gathered and analyzed travel data in 1998, 2000, and 2002 to meet a legal reporting requirement, but did not publish the results of its studies because the quality of the travel data provided by federal agencies was so poor. The report found that gathering historical data is an expensive, labor-intensive process, and that data is rarely gathered in a way that is accurate. The Board also reported the following:

> Generally, agencies have a mixture of independent electronic and manual records, but most relocation documents are manual. Therefore, managers do not have the "roll-up" data they need to quantify the various aspects of the relocation process. They do not have the information they need to manipulate data in spreadsheets and produce statistics and administrative reports that can help them understand, evaluate, and manage the relocation program. Their management vision is of the individual pieces of the puzzle rather than what it should be--the image of the whole.

The Board report accurately depicts the Department's current condition. We found that the Bureaus currently do not use an integrated information system or relocation management software, relying instead on manual systems of records to manage PCS relocations. We also found that there was a great deal of variation in how well the Bureaus maintained their PCS files. Some Bureaus had well-ordered sectional folders and summary sheets for payment records that identified which relocation allowances were authorized, how much was paid for each allowance, and other important PCS information, while other Bureaus did little more than store documents in an accordion folder.

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[2] On July 9, 2004, the General Services Administration filed a charter in Congress to establish a Governmentwide Relocation Advisory Board under the Federal Advisory Committee Act. The mission of the Board was to review current policies promulgated through the Federal Travel Regulation (FTR) for relocation and associated processes, and reimbursements and allowances for Federal relocating employees.

Having an integrated management information system would greatly improve each Bureau's management of its relocation processes and access to its data. Such a system would capture and link significant relocation-related dates and data from required PCS control documents including the employee's SA, TA, TA amendments, and any document extending or enhancing travel allowances. The system would also collect financial information including the amounts obligated and the dates and amounts paid to or on behalf of the employee for each travel allowance authorized. Ready access to such data would greatly improve the ability of the Bureaus and the Department to devise balanced strategies to reduce costs and make informed decisions on how to address policy changes, such as the fiscal year 2009 $20 million budget reduction for travel and relocation expenses.

TRAVEL AUTHORIZATIONS AND SERVICE AGREEMENTS INADEQUATE

The Bureaus were not preparing comprehensive TAs and SAs. The TA informs and protects the interests of all parties by clearly defining what relocation costs the government will or will not pay. According to the Federal Travel Regulation (FTR), a TA should specify which relocation benefits, or allowances, the employee has been authorized, estimate the total cost of the relocation, and describe the procedures the employee is to follow. For the TA to serve as an effective travel control tool, it should clearly identify each allowance authorized and the estimated cost of these allowances. A TA should be prepared and signed timely, as the FTR does not allow the employee to be reimbursed for any costs incurred prior to signature. Unfortunately, no Bureaus were ensuring that these criteria were met. For example, in reviewing 60 PCS relocation files, we found the following:

- Ten employees were paid for discretionary allowances not authorized on their TA.
- Thirteen employees received advances that were not authorized on their TA.
- Almost 40 percent of the TAs were not specifically authorized for all mandatory allowances such as the relocation income tax allowance and the miscellaneous allowance.

The primary purpose of the SA is to establish the employee's commitment to remain with the government for a specified period after relocating, usually 12 months, and the obligation to repay the government if this commitment is not met. In addition, the FTR states that the SA should contain the employee's name, effective date of transfer or appointment, actual place of residence at the time of the appointment, the names of all dependents authorized to travel with the employee, and the employee's signature. While signed SAs were in each of the 60 files we reviewed, none included all of the required data elements.

QUESTIONABLE PAYMENTS

Overall, the majority of PCS-related payments to Departmental employees and relocation contractors reviewed complied with the FTR and supplemental guidance issued by the Department. However, some inappropriate or questionable reimbursements were made that reduced the beneficial use of federal funds (See Appendix). For example,

- An Office of the Secretary employee was relocated from Washington, D.C., to Oklahoma, for what appeared to be the benefit of the employee rather than the interests of the Department. The directed reassignment, which cost the Department $63,554, did not result in any change in the employee's position or function. Moreover, the relocation returned the employee to the area where the employee graduated from college, taught school for a number of years, and where the employee still had family living. The employee then retired less than one month after completing the 12-month service period required to avoid repaying the relocation cost.

- An NPS employee moving to Colorado to assume a management position was paid for 120 days of temporary quarters subsistence expense (TQSE), 60 days of which should not have been paid according to the FTR. The FTR allows only extensions of TQSE beyond 60 days for a compelling reason, defined as "an event that is beyond [the employee's] control." In this case, the employee's family stayed in their home until their child completed the school year, a decision that was within the employee's control. Because the employee did not have a compelling reason for requesting extensions, NPS should not have approved or paid $3,657 for the final 60 days of TQSE expense.

- An NPS employee was improperly paid $1,468 for the expense of purchasing a home before the relocation was authorized. In this instance, the employee completed the purchase of a home 10 days prior to signing an SA and 15 days prior to the effective date of the TA. The FTR prohibits reimbursement of costs incurred before the TA is signed.

- An Office of Surface Mining (OSM) employee was improperly paid $571 for a house-hunting trip taken before the TA and SA were signed and the relocation authorized. Since the TA must be signed before any action is taken for relocation, these costs should not have been reimbursed. The relocation file showed that various OSM personnel, including relocation personnel, knew that the expenses were incurred before authorization was given.

PCS Policy Revision

On October 1, 2008, the Department issued a new PCS Policy Guide that significantly tightens the requirements of PCS relocations and applies these requirements uniformly across the Department. Specifically, the policy issued during our review –

- Emphasizes that TQSE is not an entitlement, but a discretionary allowance to be authorized only when a Bureau determines it is in the best interest of the Government. Further, while the FTR allows payments for up to 120 days of TQSE, the new Departmental policy allows only 30 days plus a one-time extension of up to 30 days under extenuating circumstances. If a house-hunting trip is taken, the one-time extension is limited to just 15 days. In addition, the policy goes beyond the FTR in defining what situations constitute a compelling reason for authorizing an extension, going so far as to include a list of reasons that are not considered acceptable.

- Limits home sale incentive payments to the smaller of (1) 3 percent of the price the third party relocation service contractor paid the employee for the residence, (2) the government savings resulting from the amended value sale, or (3) $10,000. This is substantially less than the 5 percent payment allowed under the FTR.

- Clarifies that discretionary allowances must be specifically authorized on the TA and that all authorizations must be in writing and must be made prior to the employee incurring any relocation expenses.

The Department's new PCS policy guide has the potential to improve the administration and continuity of the Department's PCS relocation activities. The policy addressed areas of program administration and alleviated much of our concern that the Bureaus might continue to make questionable payments. We commend the Department for its proactive effort to improve and streamline administration of the PCS relocation program, which must now be matched with an integrated management system to provide the consistency and efficiency envisioned by the new policy.

RECOMMENDATIONS

To continue the progress made by the Department, we recommend the following:

1. Implement an integrated management information system for PCS relocation that will allow management to actively monitor PCS relocation cases, and control and administer travel costs associated with relocating employees. At a minimum, the system should capture the approval dates and significant data from all required PCS documents, including the employee SA, TA, TA amendments, and any document extending or enhancing travel allowances, as well as the amounts obligated and the dates and amounts paid to or on behalf of the employee for each allowance authorized.

2. Require the use of a standardized TA form that identifies all mandatory and discretionary allowances and clearly demonstrates which discretionary allowances have or have not been authorized.

3. Require the use of a standardized SA form that ensures the employee provides all of the information required by the FTR.

We would appreciate being kept apprised of the actions the Department takes on our recommendations, as we will track the status of their implementation. We ask that you inform us of the Department's planned course of action on the recommendations within 30 days.

If you have any questions regarding this report, please do not hesitate to call me at (916) 978-5653.

Monetary Impact

Questionable Payments	Funds To Be Put To Better Use
Improper Relocation	$63,554
Extension Without Compelling Reason	$ 3,657
Reimbursement Prior to Authorization	$ 1,468
Improper Payment for House-hunting Trip	$ 571
TOTAL	**$69,250**

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