



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

AUDIT REPORT

EXTENDED TRAVEL BY
CONSTRUCTION SUPERVISORS
OF THE DENVER SERVICE CENTER,
NATIONAL PARK SERVICE

REPORT NO. 96-I-1259
SEPTEMBER 1996



United States Department of the Interior

OFFICE OF THE INSPECTOR GENERAL
Washington, D.C. 20240

SEP 30 1996

MEMORANDUM

TO: **The Secretary**

FROM: **Wilma A. Lewis**
Inspector General

SUBJECT SUMMARY: **Final Audit Report for Your Information - "Extended Travel by Construction Supervisors of the Denver Service Center, National Park Service"** (No. 96-I-1259)

Attached for your information is a copy of the subject final audit report. At the request of a member of the Congress, we reviewed the extended travel (travel of 30 days or more to the same location) by construction supervisors of the Denver Service Center, National Park Service, to determine whether travel by Service Center construction supervisors for extended duty was performed in accordance with Federal, Department of the Interior, and National Park Service guidance.

We concluded that the policies and procedures of the Denver Service Center for extended travel of construction supervisors were in compliance with Federal and Departmental requirements. However, we noted that the Denver Service Center did not adequately justify its decisions to pay construction supervisors per diem instead of relocating them; paid fixed rates for lodging that exceeded the travelers' actual costs; and paid for some items claimed on travel vouchers that were not authorized. As a result, the Park Service made per diem overpayments totaling \$42,517 in fiscal years 1993 through 1995. The deficiencies occurred because construction supervisors and their immediate supervisors did not always fulfill their responsibilities in the areas of authorizing, approving, incurring, and claiming long-term travel costs. We made five recommendations to improve the Service Center's travel management. Based on the Service Center's response, we considered the five recommendations resolved but not implemented.

If you have any questions concerning this matter, please contact me or Mr. Robert J. Williams, Acting Assistant Inspector General for Audits, at (202) 208-5745.

Attachment



United States Department of the Interior

OFFICE OF THE INSPECTOR GENERAL
Washington, D.C. 20240

SEP 26 1996

AUDIT REPORT

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: **Robert J. Williams** *Robert J. Williams*
Acting Assistant Inspector General for Audits

Subject: Audit Report on Extended Travel by Construction Supervisors of the Denver Service Center, National Park Service (No. 96-I-1259)

INTRODUCTION

This report presents the results of our audit of extended travel¹ by construction supervisors of the Denver Service Center, National Park Service. We performed this audit at the request of a member of the Congress, who expressed concern over allegations that employees of the Service Center were receiving excess payments of per diem for extended periods of time. The objective of our audit was to determine whether travel by Service Center construction supervisors for extended duty was performed in accordance with Federal, Department of the Interior, and National Park Service guidance. In order to accomplish our audit objective, we reviewed extended travel performed by construction supervisors during fiscal years 1993 through 1995.

BACKGROUND

The National Park Service consists of 367 park units. Its mission is to protect the natural, cultural, and historical resources of the park units for the use and enjoyment of visitors. The Denver Service Center is the central planning, design, and construction office for the Park Service and is responsible for most Park Service construction activities.

Park Service construction activities are funded through specific appropriations. Appropriations for the past 4 years were as follows: \$216.6 million for 105 construction projects in fiscal year 1992; \$172.5 million for 87 construction projects in fiscal year 1993; \$161.8 million for 77 construction projects in fiscal year 1994; and

¹The National Park Service Manual (NPS-31) defines extended travel as travel of 30 days or more to the same location.

\$126.5 million for 60 construction projects in fiscal year 1995. Amounts for individual projects are appropriation line items.

Specific Service Center activities include planning for projects, designing specifications, awarding contracts, and supervising project construction. Completion of all activities for a particular project may take several years. The Service Center spent \$225.8 million on 111 construction projects during fiscal year 1993, \$253.1 million on 99 construction projects during fiscal year 1994, and \$210.3 million on 74 construction projects during fiscal year 1995.

The Park Service generally accomplishes construction through contracts with companies in the private sector. About the same time that a contract is awarded, the Service Center assigns a construction supervisor to be the contracting officer's representative for the contract and may assign other construction supervisors as inspectors. In both instances, construction supervisors are responsible for ensuring that the work conforms to the plans and specifications and that construction activities are in compliance with safety standards. Service Center officials stated that the contracting officer's representative should be on the job site about a month before the contractor is authorized to proceed and remain on-site during construction until all significant punch lists of incomplete items are completed. Inspectors are not required to be on-site for the duration of the project.

The Service Center employed 82 construction supervisors in July 1995 as follows: 65 at the Service Center in Lakewood, Colorado; 11 at Falls Church, Virginia; 2 at Yosemite National Park, California; 1 at Lake Mead, Nevada; 1 at Cuyahoga Valley, Ohio; 1 at Yellowstone National Park, Wyoming; and 1 at New River Gorge, West Virginia. During our audit period, the maximum number of construction supervisors employed was 99 in 1993.

The total costs of construction supervision were \$15.2 million in fiscal year 1993, \$15.7 million in fiscal year 1994, and \$16.9 million in fiscal year 1995. Construction supervision duties include monitoring the activities of the contractor, preparing operation and maintenance manuals, and troubleshooting for a year after project completion. Annual per diem costs for extended travel by construction supervisors have been about \$1.3 million, with most of the per diem costs being used to monitor construction activities.

Regulations and guidance that pertain to the payment of extended travel per diem are included in the Code of Federal Regulations (41 CFR 301), the Departmental Manual (Section 347), the Park Service Manual (NPS-31), and Service Center Guidelines (Nos. 89-2 and 89-3).

SCOPE OF AUDIT

We conducted our audit from November 1995 through June 1996 at the Denver Service Center in Lakewood and at the Accounting Operations Center in Reston,

Virginia. To meet our objective, reanalyzed the authorization and parent of per diem for the extended temporary duty travel of construction supervisors that occurred during fiscal years 1993 through 1995. If a trip was in process at the beginning of fiscal year 1993 or the end of fiscal year 1995 and if the records were available, we included the entire trip in our analysis. For 31 of the 82 construction supervisors, we analyzed 188 travel vouchers covering 57 trips. The payments for the 188 vouchers totaled about \$250,000. We also reviewed the extended travel policies and procedures of the U.S. Fish and Wildlife Service, the U.S. Bureau of Mines, and the Federal Highway Administration to obtain a basis of comparison with Park Service policies and procedures.

Our audit was conducted in accordance with the “Government Auditing Standards,” issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures considered necessary under the circumstances.

In addition, we reviewed the Secretary’s Annual Statement and Report to the President and the Congress, required by the Federal Managers’ Financial Integrity Act of 1982, for fiscal years 1992 through 1995 to determine whether any reported weaknesses were within the objective and scope of our audit. We determined that none of the reported weaknesses were directly related to the objective and scope of our audit.

We did not evaluate the effectiveness of construction supervisors, determine whether they were stationed at the best locations, or determine whether they needed to be at the construction sites when they were actually there.

PRIOR AUDIT COVERAGE

The General Accounting Office has not audited the extended travel of construction supervisors at the Denver Service Center. However, the Office of Inspector General has issued one audit report in the past 5 years related to the audit objective.

In the report “Selected Administrative Activities, Denver Service Center” (Assignment No. C-IN-NPS-001-95), we concluded that the Service Center effectively administered temporary duty travel, in that all travel was properly requested, authorized, and approved.

RESULTS OF AUDIT

Overall, we found that the policies and procedures of the Denver Service Center for extended travel of construction supervisors were in compliance with Federal and Department of the Interior requirements. However, we noted that the Denver Service Center did not adequately justify its decisions to pay construction supervisors per diem instead of relocating them; paid fixed rates for lodging that exceeded the travelers’ actual costs; and paid for some items claimed on travel vouchers that were

not authorized. The deficiencies occurred because construction supervisors and their immediate supervisors did not always fulfill their responsibilities regarding authorizing, approving, incurring, and claiming long-term travel costs. As a result, the Park Service made per diem overpayments totaling \$42,517 in fiscal years 1993 through 1995.

Relocation Justifications

Service Center managers did not adequately support their determinations to pay temporary duty travel in lieu of relocating the construction supervisors for 19 trips that lasted more than 1 year. While not a regulatory or Departmental requirement, Service Center policy as stated in Guideline 89-3 provides that: (1) if the Service Center expects an assignment to last more than 1 year but less than 2 years, the Service Center should initiate a permanent change of duty station for the employee or submit an extended duty justification that per diem payments are more advantageous to the Government; (2) if the Service Center expects an assignment to last more than 2 years, the Service Center should initiate a permanent change of duty station for the employee; and (3) if a temporary assignment that was originally expected to last less than 1 year requires an extension beyond 1 year because of unanticipated conditions, the circumstances should be explained on the subsequent travel authorization prepared for the period of the extension. Service Center managers attributed the failure to prepare or maintain justifications as an oversight. Further, according to Service Center managers, construction supervisors were not relocated because at the time of the assignments, the managers did not expect the trips to last more than 2 years, and they believed that temporary duty travel was more cost effective than changing an employee's duty station and paying relocation expenses.

Of the 57 trips over 6 months that we reviewed, 19 trips (33 percent) lasted more than 1 year and 7 trips (12 percent) lasted more than 2 years. Service Center managers could produce written justifications for travel for only 1 of the 19 trips. The justification was prepared in October 1995, after the construction supervisor had been on-site for 2 years. The justification stated that the construction project would be finished in 4 to 5 months and that there were no additional projects anticipated at that park. The conclusion of the justification was that paying per diem for an additional 4 or 5 months would be more cost effective than paying relocation costs. The construction supervisor was still at the park in travel status in March 1996 (the most recent voucher included in our sample), 2 years and 5 months after the initial assignment, and had received per diem payments totaling \$32,886. Although the justification adequately supported the determination that paying per diem (\$6,000) for an additional 4 to 5 months was more cost effective than relocating the employee, the justification came 2 years late and did not support the original decision to authorize travel rather than to relocate the construction supervisor. The Service Center did not initiate a permanent change of station for any of the 17 construction supervisors who took the 19 trips.

Contributing to the lack of justifications was the fact that the Service Center had not formally developed average or specific estimates of the costs of relocating the construction supervisors who took the 19 trips we reviewed. Service Center personnel told us that the average cost of a relocation would be between \$40,000 and \$50,000; however, the Service Center did not maintain data to support this estimate.

Service Center managers offered several explanations for not relocating construction supervisors, the most common of which was that, at the time of the initial assignment, the managers did not expect the trips to last as long as they did. Service Center managers stated that it was difficult to predict how long the trips would last at the time the travel was initially authorized. According to the managers, each project, assignment, and construction supervisor was unique, and the duration of a trip was affected by factors such as the time needed for completion of contract work, the contractor's work schedules, the weather, the likelihood of redesign, and the possibility that a second project would begin shortly after completion of the first.

Our review confirmed that unexpected events could sometimes occur during construction projects. For example, three construction supervisors included in our review worked on the construction of a visitor center and residence at Saguaro National Monument. The contract was awarded in September 1992, and the notice to proceed was issued in November 1992. Based on the time for completion, the project was originally expected to be completed by November 1993. However, the contractor had problems completing the project, and the Service Center did not accept the contractor's work until October 1994. Further, one of the construction supervisors remained at Saguaro until December 1994 to finish the project with park unit employees.

In another case, one of the construction supervisors included in our review worked on a construction project involving the stabilization and rehabilitation of the Jacob Riis Mall Building at Gateway National Recreation Area. The contract was awarded in December 1992, and the notice to proceed was issued in January 1993. Based on the time for completion, the project was originally expected to be completed in February 1994. However, after construction began, unexpected structural defects in the building were detected. Eventually, 24 contract modifications were issued to correct the defects. The project was not substantially completed until April 1995.

Adding further to the uncertainty regarding timing in this case was the fact that the construction supervisor was originally sent to Gateway to work on an earlier project. At that time, the Service Center had no assurance that funding for the stabilization project would be available or that the designs would be ready. Therefore, Service Center managers did not expect the construction supervisor to be at Gateway long enough to complete both projects. In the final analysis, the timing was such that the second project was ready shortly after completion of the first, and the construction supervisor remained at Gateway. Further, at the start of the second project, Service Center managers did not expect to find the structural defects, which extended the construction supervisor's trip to 35 months.

Other explanations offered by the Service Center managers for not relocating employees were as follows:

- Deploying construction supervisors from the Service Center provided greater program flexibility because individual assignments could be more easily changed by travel authorization than by relocation.

- **Temporary duty instead of permanent change of duty stations ensured that experienced construction supervisors would be retained.**

- Employee housing was not always available at certain parks to accommodate the relocation of construction supervisors.

- Construction supervisors were hired with the understanding that their assignments would be accomplished through temporary duty travel, not through permanent change of duty stations. Therefore, Service Center managers believed that they would not be honoring their commitment if they moved the construction supervisors.

While we did not examine or evaluate these explanations, it appears that Service Center managers consistently gave greater consideration to factors other than cost when they made decisions regarding the relocation of employees. Further, we believe the final explanation indicates that Service Center managers did not want to even consider the concept of employee relocation. Finally, the absence of justification in support of those other factors is not in conformance with existing Service Center guidelines.

We found that the total per diem paid for the seven trips that lasted more than 2 years was \$334,173. The least expensive trip, for 26 months, was \$13,877, and the most expensive trip, for 35 months, was \$86,384. Assuming that the cost of relocating each employee would have been \$40,000 for one move, as the Denver Service Center estimates, and that the Service Center had relocated the construction supervisors who took the least expensive and the most expensive trips, the Service Center would have spent \$26,123 more than it did on the least expensive trip and saved \$46,384 on the most expensive trip. However, if both construction supervisors had been relocated, the Service Center would have had to either separate the employees or pay for their additional relocations when their assignments were completed.

Extended Travel Per Diem

Service Center managers reduced extended travel per diem rates to levels well below the applicable General Services Administration standard rates for all 57 trips we reviewed. Nonetheless, for 11 trips, the per diem paid exceeded actual expenses. The Federal Travel Regulations state that the agency is responsible for authorizing

or approving only those per diem allowances that are justified by the circumstances affecting the travel. A factor that may reduce the necessary expenses for construction supervisors includes knowing in advance the expenses, arrangements, or cost experience at temporary duty locations, particularly in locations where repetitive travel and extended stays are frequent. In such circumstances, the Regulations state that an agency should authorize a reduced per diem rate that is commensurate with the known expense levels.

In March 1995, in an attempt to simplify the travel process, the Service Center established a policy to pay extended travel on the basis of a flat rate.² The flat rate was usually set at 55 percent of the General Services Administration standard per diem for the particular location and was reimbursed to the traveler regardless of actual costs and without the submission of lodging receipts. However, per diem authorized for lodging exceeded local expense levels because the authorizing officials did not adequately consider the travelers' actual cost experience for the prior months when receipts were required. As a result, 11 individuals received a total of \$37,243 more than their actual lodging expenses.

Before March 1995, reduced per diem rates were authorized on the "lodging plus" basis, under which travel reimbursements were limited to either the traveler's actual costs or the amount authorized, whichever amount was lower. Consequently, authorized per diem rates that exceeded actual costs did not result in excess payments. However, after March 1995, travelers were paid the amount authorized without regard to their actual costs, which resulted in excess payments when the travelers' expense levels were below the amounts authorized. Of 18 trips that began before and continued after the March 1995 flat rate policy, 11 construction supervisors received payments in excess of actual costs because the average daily lodging costs were less than the lodging portion of the flat rate that was authorized. As a result, excess payments totaled at least \$37,243.

In establishing the flat rate, authorizing officials relied almost entirely on a 1995 Service Center study of per diem rates, which concluded that the average per diem paid was 55 percent of the General Services Administration's standard. We believe that the study was not always based on actual cost data and, as such, should not have been the only basis for specific per diem reduction decisions. Specifically, at the time of the study, receipts were not required for amounts claimed for lodging in employee-owned trailers. To the extent that vouchers for employee-owned trailers were included in the study, the Service Center had no way of determining actual costs. In addition, although the study showed that actual costs averaged 55 percent of General Services Administration rates, actual costs were, of course, lower than the average at certain locations and higher than the average at other locations. Accordingly, we believe that the Service Center should discontinue its reliance on the

²Part 301-7.10 of the Federal Travel Regulations allows an agency to pay per diem rates without receipts or itemization on the voucher.

study that established the 55 percent flat rate and either return to the “lodging plus” method or develop per diem rates for each location and each trip.

Payment Issues

The Accounting Operations Center made several payments for items claimed on travel vouchers that were not covered by the travel authorizations or that were prohibited by the travel regulations. However, the instances and amounts were relatively minor. These errors usually occurred because the construction supervisors, approving officials, and voucher examiners did not carefully review the travel authorization or research regulations before preparing, approving, or certifying the payments. For example:

- The Federal Travel Regulations prohibit the payment of per diem on days that the traveler takes at least 4 hours of annual leave. On 24 of 188 vouchers we reviewed, per diem totaling \$3,966 was paid for lodging costs on days that the construction supervisors stated on the vouchers that they were on leave. However, per diem for meals and incidental expenses was not claimed and was not paid for days the construction supervisors were on annual leave. Furthermore, at least one construction supervisor did not note on the voucher that annual leave was taken, and full per diem was claimed and paid for these days,

- Federal Travel Regulations limit per diem reimbursements to the rates approved on the travel authorizations. On 11 of 188 vouchers, a total of \$1,308 in per diem was paid in excess of the amounts authorized.

Per diem payments for days on annual leave, as well as per diem payments that exceeded the amounts of per diem authorized, occurred because vouchers were prepared inconsistently. Construction supervisors rarely calculated daily lodging costs on the vouchers. Instead, they generally claimed their monthly lodging costs without deducting the proportionate daily amount for days when annual leave was taken.

Neither Park Service nor Service Center guidance requires travelers to make a “No leave taken” certification on their vouchers. We believe that such a statement would make it less likely that construction supervisors would forget to note that annual leave was taken.

Under the newly authorized flat rate per diem system, the preparation of travel vouchers is simpler; therefore, the number of errors described above should decrease. However, to avoid unnecessary costs under the flat rate per diem system, the Service Center should set the per diem rates appropriately, as discussed in the section “Extended Travel Per Diem” in this report.

Recommendations

We recommend that the Director, National Park Service:

1. Either ensure compliance with existing policy or revise the policy for extended travel to include consideration of other relevant and appropriate factors.

2. Develop procedures for estimating the cost of per diem versus the cost of employee relocation.

3. Document the specific considerations that resulted in the determination to either pay per diem to or relocate construction supervisors.

4. Develop and implement procedures for authorizing per diem rates that consider actual expense levels at the specific locations of travel.

5. Require travelers either to note annual leave taken on the travel voucher or to certify "No leave taken" on the vouchers.

National Park Service Response and Office of Inspector General Reply

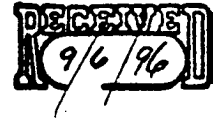
The September 4, 1996, response (Appendix 1) to our draft report from the Director, Denver Service Center, concurred with all five recommendations. The Service Center's proposed actions were sufficient for us to consider the five recommendations resolved but not implemented. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation, and no further response to the Office of Inspector General is required (see Appendix 2).

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the cooperation of Park Service personnel in the conduct of our audit.



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IN REPLY REFER TO:

SEP 04 1996

F4217 (DSC-LA)

Memorandum

To: Director, National Park Service

From: Director, Denver Service Center

Reference: Draft Audit Report on Selected Aspects of Travel by Construction Supervisors of the Denver Service Center, National Park Service (Assignment No. C-IN-NPS-001-96)

Subject Response to the Referenced Audit

Our review of the Draft Audit Report finds that the results are accurate and well supported. To address some past inconsistencies, a new guideline covering travel and per diem has been drafted and is now being reviewed and discussed by the Leadership Team. It is expected to be finalized and implemented within one month of the date of this letter. An element of the new guideline is the addition of a worksheet that will be completed by Quality Leaders prior to preparation of travel authorizations. It will clearly document factors "relevant and appropriate" to the decision making process.

Any overpayment is of concern. In the future, we will endeavor to improve upon our record.

Responses to the individual audit recommendations are described in the following paragraphs.

Recommendation. 1. *Either ensure compliance with existing policy or revise the policy for extended travel to include consideration of other relevant and appropriate factors.*

We concur with the recommendation. For several months employee task forces have been developing a new per diem policy and a policy guiding the assignment of employees to projects. A worksheet to be completed by Quality Leaders and attached to Extended Duty Travel Authorizations when assignments are made has been developed as well.

Recommendation. 2. Develop procedures for estimating the cost of per diem versus the cost of employee relocation.

Concur with the recommendation. See above.

Recommendation. 3. Document the specific considerations that resulted in the determination to either pay per diem or relocate construction supervisors.

Concur with the recommendation. See above.

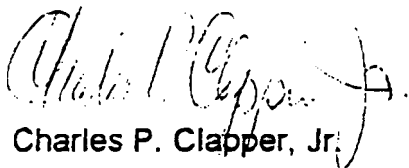
Recommendation. 4. Develop and implement procedures for authorizing per diem rates that consider actual expense levels at the specific locations of travel.

Concur with the recommendation. The new guideline describes the establishment of a flat rate when an employee arrives at a new extended duty location. The flat rate will be based upon expenses the employee actually incurs. Every six months or when the employee moves or factors change the rate will be reviewed.

Recommendation. 5. Require travelers either to note annual leave taken on the travel voucher or to certify "No leave taken." on the vouchers.

Concur with the recommendation. The new guideline sets forth the requirement for this certification. Additionally, within one month, a memorandum from the Director, Denver Service Center to all construction supervisors will be prepared and distributed that will also describe how to calculate per diem and instruct employees to certify "No leave taken" on their vouchers.

Larry Walling, current chairman, Construction Quality Leaders, is designated as the official responsible for implementation and distribution of the attached guideline and worksheet. He may be contacted at 303.969.2233, via cc:Mail, or at LARRY_WALLING@NPS.GOV.



Charles P. Clapper, Jr.

cc: WASO-Frank Seng-Management Officer

STATUS OF AUDIT REPORT RECOMMENDATIONS

<u>Finding/Recommendation Reference</u>	<u>Status</u>	<u>Action Required</u>
1-5	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

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