



United States General Accounting Office
Washington, DC 20548

December 8, 2000

The Honorable Peter Hoekstra
Chairman
Subcommittee on Oversight and Investigations
Committee on Education and the Workforce
House of Representatives

Subject: Investigation of Alleged Improper Relocation Allowance at the Department of Labor, Office of Inspector General

Dear Mr. Chairman:

This letter responds to your September 28, 2000, request and our subsequent discussions with your office concerning allegations of fraudulent and abusive personnel practices within the Department of Labor's (DOL) Office of Inspector General (OIG). You requested that we investigate the circumstances surrounding certain permanent change of station (PCS)¹ transfers of OIG employees between the New York City, New York, and Newark, New Jersey, district offices because of allegations that these PCS transfers were a result of "favoritism" and that payment for moves was fraudulent and abusive. Your office specifically requested that we investigate a particular PCS transfer between the OIG's Atlantic City (Mays Landing) and Newark, New Jersey, offices that occurred in 1996.

We interviewed current and former DOL and OIG officials and reviewed pertinent documents. We conducted our investigation from October to November 2000 in accordance with investigative standards established by the President's Council on Integrity and Efficiency.

In brief, we identified six transfers of OIG employees between or within the New York City and Newark district offices from 1995 to November 2000 that were based on documented business needs of the OIG, such as change in workload. Of these six reassignments, three were from the Atlantic City office to the Newark office. Of these three reassignments, two were considered for PCS and related relocation allowances. One of these was approved. We found that the decisions to grant or deny PCS and related relocation allowances were based on the needs of the OIG and availability of funds and do not appear to result from favoritism. Further, the reimbursement associated with the PCS was in accordance with the Federal Travel Regulations (FTR).

Reassignments Based on OIG Needs

Between 1995 and November 2000, there were six reassignments: three between the New York City and Newark offices and three between the Atlantic City (Mays Landing) and

¹ Under the Federal Travel Regulations at 41 C.F.R. Parts 301 and 302, the government can reimburse an employee for certain costs associated with travel and relocation to a temporary or permanent change of duty station.

Newark offices. The decision to reassign agents to the Newark office was based on a shift in the OIG's workload. The three reassignments between the New York City and Newark offices did not involve PCS. However, the three reassignments from Atlantic City to the Newark office were initially all 1-year temporary duty station changes. When the temporary duty assignments were extended into a second year, one of the employees requested a permanent change of station. This permanent reassignment was subsequently approved based on the Newark office's workload and the employee's specific technical experience and expertise. In addition, a relocation allowance was approved incident to the PCS. After this PCS was authorized, a second employee on temporary duty status requested a PCS and a relocation allowance. The request was denied. This employee appealed the decision and received written explanation as to why the one request was approved and his was denied. OIG records clearly showed that the PCS decisions were based on business needs or lack of funds and do not appear to have been based on favoritism.

PCS Based on OIG Needs and in Accordance With Regulations

DOL and OIG officials authorized the relocation allowance for the employee who received PCS in accordance with the FTR and the *DOL Relocation Travel Guide* (DOL Guide),² which supplements the FTR. The FTR allows an employee to receive a relocation allowance provided that the employee's old and new posts of duty are at least 10 miles apart.³ The employee's new duty station in Newark and the old one in Mays Landing, New Jersey, are about 120 miles apart.⁴ Therefore, the PCS move more than met the 10-mile minimum in the FTR.

We also reviewed OIG guidance entitled, *OIG Instructional Guide Permanent Change of Station* (OIG Guide). It causes some confusion because it is more limiting than either the FTR or the DOL guide. We identified two specific expenditures, totaling about \$6,000, for the Mays Landing-to-Newark move that did not comply with the OIG Guide. However, OIG officials told us they do not follow this guide and rely instead on the FTR as amplified by the DOL Guide. Our review of the employee's vouchers, the FTR, and the DOL Guide indicates that the employee was qualified to receive payments for (1) a 10-day househunting trip and (2) 31 days of temporary quarters subsistence expense (TQSE) while awaiting the delivery of his household goods to his new residence. The OIG in fact approved and reimbursed about \$1,200 for the househunting trip and \$4,800 for the TQSE; and those reimbursements were consistent with the requirements of the FTR and the DOL Guide.

With regard to the expenditure for househunting, both the FTR and the DOL Guide in effect at the time provided that if the employee was on temporary duty at the new post of duty when the househunting took place, discretion should be exercised in approving the expenses of the trip. In this case, we note that the employee was on a long-term temporary assignment at the new duty post but that he was not receiving either a travel allowance or TQSE at the time of the househunting trip. The OIG Guide, on the other hand, categorically prohibits househunting expenses if the employee is on temporary duty at the new post of duty. Despite the fact that the employee was not receiving any travel allowance, if the OIG Guide were controlling, the househunting trip could not have been approved because he was on temporary duty at the time.

² *DOL Relocation Travel Guide for Department of Labor Employees*, (Jan. 2000 ed.). DOL officials advised us that although this is a revised edition, the pertinent portions of the DOL Guide have not been changed since 1996.

³ 41 C.F.R. § 302-1.3 (1996). The DOL Guide also allowed short-distance transfers. The *OIG Instructional Guide Permanent Change of Station* is silent on this point.

⁴ We checked the distances in this investigation using two different Internet mapping services.

The expenditure for temporary quarters was for the 31-day period between the time that the employee was required to vacate his old residence and the time his new residence was available for occupancy. Under the FTR in effect in 1996, an employee was entitled to TQSE while awaiting the arrival of household goods at the new residence, irrespective of the distance of the move.⁵ Under the OIG Guide, however, TQSE is not payable if the distance between the old residence and the old post of duty is less than 40 miles farther than the distance between the old residence and the new duty post. In other words, employees are expected to bear the additional commuting burden for the short term if the extra distance traveled is less than 40 miles. Unlike the FTR, the OIG Guide makes no provision for TQSE when an employee who moved only a short distance had no permanent housing available at either the old or new post of duty. We determined that the employee in question would not have been entitled to the TQSE reimbursement under the principle stated in the OIG Guide, because the extra distance traveled from the old residence to the new duty station was 9 miles short of the 40-mile requirement.⁶

OIG officials told us that they do not use the OIG Guide because it is not intended to change departmental travel policy. In this regard, the introduction to the OIG Guide states that its purpose is to answer frequently asked questions and to supplement published DOL management directives. The OIG Guide expressly states that it is for information only and should not be interpreted as legally binding. Further, OIG officials informed us that they plan to discontinue distribution of the OIG Guide.

We are sending copies of this letter to interested congressional committees and agency officials. The letter will also be available on GAO's home page, www.gao.gov. If you have any questions about this investigation, please call me at (202) 512-6455 or Assistant Director William Hamel at (202) 512-7433. Senior Special Agent Andrew O'Connell was a key contributor to this investigation.

Sincerely yours,



Robert H. Hast
Managing Director
Office of Special Investigations

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⁵ 41 C.F.R. § 302-5.2 (h) (1996). Under the DOL Guide, TQSE could be approved if it was "advantageous to the government."

⁶ From the old residence to the new post of duty, the distance by the shortest route was 80 miles as compared to 49 miles from the old residence to the old post of duty—a difference of 31 miles.