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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

MANPOWER AND WELFARE DIVISION

APR 28 1972

Dear Mr. Hjornevik:

The General Accounting Office has made a review of the Office of Economic Opportunity's administrative controls over reimbursements authorized by Public Law 89-516, approved July 21, 1966 (5 U.S.C. 5724a), for certain costs incurred by employees in connection with permanent changes of official stations. The review was made pursuant to authority contained in the Budget and Accounting Act, 1921 (31 U.S.C. 53) and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

On the basis of our review, we have concluded that a need exists for improving administrative controls over reimbursements for expenses incurred by employees under Public Law 89-516.

Public Law 89-516, July 21, 1966, implemented by Bureau of the Budget Circular A-56, as revised October 12, 1966, and Office of Management and Budget (OMB) Circular A-56, as revised June 26, 1969, and August 17, 1971, authorizes reimbursement for certain moving expenses incurred by employees in connection with permanent changes of official stations. The allowances authorized under the OMB Circular in general, include:

--transportation of household goods of up to 11,000 pounds for an employee with a family and of up to 5,000 pounds for an employee without an immediate family;

--per diem allowance for members of the immediate family enroute between old and new official stations;

--per diem allowance and transportation expenses for employee and/or spouse to seek permanent residence at new station, not to exceed 6 days;

--subsistence expenses for employee and immediate family while occupying temporary quarters;

--reimbursement of certain expenses of sale of the residence (or settlement of an unexpired lease) at the old official station and purchase of a

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home at the new official station, not to exceed 10 percent of the actual sale price or $5,000, whichever is the smaller amount for sale of the residence and not to exceed 5 percent of the purchase price or $2,500, whichever is the smaller amount for purchase of a home;

--a miscellaneous expense allowance resulting from a change of residence, ($200 or the equivalent of two weeks' basic pay, whichever is the lesser amount, for an employee with immediate family, $100 or the equivalent of one weeks' basic pay, whichever is the lesser amount, for an employee without immediate family);

--for expenses of nontemporary storage of households goods in connection with assignment to permanent duty stations at isolated locations.

During fiscal year 1970, OEO paid $137,909 in claims on 85 vouchers submitted by 69 employees for permanent change of official station and related expenses. These vouchers were paid at the OEO Washington headquarters office. Our review was made at OEO headquarters and we reviewed all of the vouchers submitted by the 69 employees. Effective January 1, 1972, the approval and payment function of change of station vouchers was transferred to the 10 OEO regional offices.

Our review revealed that reimbursements for claims of 19 of the 69 employees, totaling $8,256 were paid in violation of the regulations, or not adequately documented to permit a determination as to whether the amounts reimbursed were authorized and correct. The 19 claims that we questioned involved approvals made by seven of the 10 OEO regional offices and by the Washington headquarters. The individual items questioned during our review were transmitted to the Acting Associate Director for Administration and later to the Controller for appropriate action.

We questioned the propriety of a total of 65 items which are summarized below by category.

| Category of expense | Item questioned Number | Amount |
|---|---|---|
| Real estate | 35 | $4,783 |
| Unexpired lease | 1 | 202 |
| Temporary quarters allowance | 8 | 1,884 |
| Househunting, enroute travel, household goods | 21 | 1,387 |
| | 65 | $8,256 |

Over one-half or 35 of the items were for reimbursements for real estate expenses.

Section 4 of OMB Circular A-56 lists the conditions and requirements under which allowances for expenses incurred in connection with residence transactions are payable. Not all expenses are reimbursable. Nonreimbursable expenses listed in section 4.2 of the Circular included brokers fee or commission on a purchase; costs of litigation; owners title policy, "record title" policy, mortgage insurance, insurance against damage or loss of property; interest on loans; points and mortgage discounts; losses due to market conditions at old and new stations; property taxes and operating or maintenance costs; and no fee, cost, charge or expense is reimbursable which is determined to be a part of the finance charge under the Truth in Lending Act, title I, Public Law 90-321, and Regulation Z, effective July 1, 1969, issued by the Board of Governors of the Federal Reserve System.

Presented below is a descriptive summary of the items questioned by us. In these cases the payments (1) appeared to be contrary to the cited subsections of Circular A-56, (2) were not supported by sufficient documentation to determine the eligibility of the items reimbursed, or (3) were not authorized for other reasons as indicated.

| Items questioned | Number | Amount |
|---|---|---|
| Each item must be supported by documentation that expense was incurred, or in cases where seller pays buyers costs, proof of custom must be documented, and attorney's fees must be itemized. (subsection 4.2c, d, and 4.3a) | 10 | $1,505 |
| Public Law 90-321 Truth in Lending Act: interest, service, transaction, activity, and carrying charges on loans and transfer fee, not reimbursable. (subsection 4.2d) | 10 | 929 |
| Lenders loan origination fee not reimbursable after June 26, 1969, and payment of costs of preparation of title opinion not reimbursable prior to June 26, 1969, and a miscellaneous cost not reimbursable. (Cir. A-56 - page 4, subsection 4.2c, and 4.2d) | 3 | 312 |

| Items questioned | Number | Amount |
|---|---|---|
| Property tax, mortgage payments, utilities, repairs, and maintenance not reimbursable. (subsection 4.2d) | 9 | $1,185 |
| Advertising costs not reimbursable if such services have been paid for in the form of broker's fee or commission. (subsection 4.2b) | 2 | 733 |
| Duplicate payment | 1 | 119 |
| Claims for expense of unexpired lease in excess of amount authorized. (subsection 4.2f) | 1 | 202 |
| Claims for temporary quarters allowance for more than the 30 days authorized, while living in former residence, after period of eligibility expired, and lack of lodging receipts. (subsection 2.5) | 8 | 1,884 |
| Prior authorization not obtained for travel for househunting. (subsection 2.2b and 2.4) | 16 | 981 |
| Travel expenses not allowable for children over 21 years, return trip for moving, and transporting pets. (subsections 1.2d,h, 1.3a(1) and 2.2) | 3 | 82 |
| Excess charge for shipment of household goods. (subsection 6.3) | 1 | 142 |
| Unused ticket not returned for refund. (Standardized Government Travel Regulations para. 3.6 and 7) | 1 | 182 |
| | 65 | $8,256 |

By letter dated December 6, 1971, OEO requested the Comptroller General to review two of the informal inquiries that we had submitted to OEO which questioned reimbursements amounting to $1,954 and OEO asked to be informed on what basis, if any, that the employees could

be relieved of the obligation to refund the amounts in question. By letter dated February 14, 1972 (B-174692), we advised OEO that the amounts questioned must be refunded, except for an item of $224, and that there was no authority in law for waiver of the erroneous overpayments nor were we aware of any basis for compromise of either of these claims or for termination (or suspension) of collection action under the Federal Claims Collection Act of 1966 (31 U.S.C. 951-953).

As of March 31, 1972, of the $8,256 questioned, $1,032 had been repaid. The OEO Finance and Grants Management Division informed us that it would continue its efforts to seek repayment or to obtain documentation for the balance of the amount questioned.

## CONCLUSIONS AND RECOMMENDATIONS

The number and variety of allowances and the limitations listed in Circular A-56 requires that a careful scrutiny of claims be made to ensure that the employee is reimbursed for expenses that he is entitled and to also ensure that overpayments are not made. It was evident in our review that there was a lack of knowledge of the provisions of Circular A-56 by persons approving the claims at various OEO regional offices as well as by persons at the OEO headquarters office who were responsible for the examination of claims prior to payment.

We recommend that:

(1) claims for reimbursement for expenses incurred in connection with permanent changes of official stations be more thoroughly scrutinized for compliance with OMB Circular A-56 prior to submission for payment and that more emphasis be placed on securing adequate documentation,

(2) persons responsible for approval, review, and payment of claims be provided with instruction on the provisions of the various laws and regulations governing allowable reimbursements,

(3) copies of this report and our informal inquiries be provided to regional and headquarters employees responsible for approval, review, and payment of claims, and

(4) persons who are to make permanent changes of official stations be provided in advance with instructions on

the types of expenses which are reimbursable.

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We appreciate the cooperation received during our review and request that you advise us of any procedures implemented to ensure that payments of relocation expenses are in accordance with applicable legislation and implementing regulations.

Sincerely yours,

/s/ Morton E. Henig

Morton E. Henig
Acting Associate Director

Mr. Wesley L. Hjornevik
Deputy Director
Office of Economic Opportunity