

September 29, 2000

DONNA M. PEAK  
ACTING VICE PRESIDENT, FINANCE, CONTROLLER

SUBJECT: Audit Report - Deviations from Postal Relocation Policy (Report Number FT-AR-00-005)

This report presents the results of our review of deviations from Postal Career Executive Service Relocation Policy that were granted to postal executives. The Board of Governors requested this work, and this report is the fourth in a series of reports examining relocation benefits for Postal Service executives.

Our review disclosed that 11 relocation deviations were granted to allow employees to: move closer to their new official duty station so that they could better fulfill their job requirements; extend the time to complete the relocation process, or lease back their former residence as temporary quarters. In our opinion, the deviations granted appeared to be in accordance with postal relocation policy and in the best interest of the Postal Service.

Since this report does not contain recommendations, formal comments are not required. In addition, to assist the OIG in exercising its responsibilities under the FOIA, please identify any portion(s) of this report, including a short justification for such assertion(s), which you believe may contain proprietary or other business information that may be exempt from disclosure under FOIA.

If you have any questions, please contact John Seeba, acting deputy assistant inspector general, Business Operations, or me at (703) 248-2300.

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Attachment

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## INTRODUCTION

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### Background

This report presents the results of our review of deviations from Postal Career Executive Service Relocation Policy that were granted to postal executives. The Board of Governors requested this work, and this report is the fourth in a series of reports<sup>1</sup> examining relocation benefits for Postal Service executives. Based on a previous audit, we initiated a review of 11 additional deviations from postal relocation policy that were granted to postal executives<sup>2</sup> during the period October 1997 to May 2000. Our relocation work is continuing and future reports will address other aspects of relocation benefits for Postal Career Executive Service managers.

The Postal Service allows deviations from its relocation policy<sup>3</sup> for items such as additional time in temporary quarters and moves of less than 50-miles. According to a Postal Service Corporate Accounting official, postal policy provides that a deviation can be granted when it is in the best interest of the Postal Service. In addition, Postal Career Executive Series postmasters qualify for relocation benefits (regardless of distances involved) as determined by the appropriate manager's decision relative to community involvement requirements. Deviation requests must be sent to the manager, Corporate Accounting, for review and approval. Postal Career Executive Service managers must attach a recommendation from their supervisors to the deviation request memorandum.

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### Objective, Scope, and Methodology

Our objective was to determine whether deviations were in accordance with postal policies and in the best interest of the Postal Service. There were 413 Postal Career Executive Service employees relocated between October 1996 and May 2000. To accomplish our objective we:

- Reviewed Postal Service relocation policies and procedures.

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<sup>1</sup> The first report in this series was published on May 2, 2000, Relocation Benefits for Postal Service Officers (Report Number FR-FA-00-010(R)). The second report was published on September 28, 2000, Miscellaneous Relocation Expense Payment (Report Number FT-AR-00-001). The third report was published on September 29, 2000, Equity Loss Payments, (Report Number FT-AR-00-004).

<sup>2</sup> One OIG executive was granted a deviation from the 50-mile rule. This employee received limited relocation benefits that included (1) reimbursement of real estate expenses, (2) movement of household goods, and (3) storage of household goods. Gross up benefits were not requested or authorized for this relocation.

<sup>3</sup> The Postal Career Executive Service Relocation Policy (Handbook F-11)

- Reviewed supporting documents for 11 postal executives who received deviations from postal policies for relocation during October 1996 to May 2000.

This review was conducted from June through September 2000 in accordance with the generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our findings and conclusions with appropriate management officials and included their comments, where appropriate.

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**Prior Audit Coverage**

In May 2000, we issued Relocation Benefits for Postal Service Officers, report number FR-RA-00-010(R), concerning two postal executives that received deviations from Postal Service relocation policy in order to relocate within the local commuting area. We concluded that two officers, who were promoted but did not change duty stations, received relocation benefits of about \$248,000 for moves within the local commuting area. In addition, we found that controls were not place to ensure that the Board of Governors approved relocation benefits. Management concurred with our recommendations.

## AUDIT RESULTS

### Deviations

Our review disclosed that the relocation deviations were granted to allow employees to: move closer to their new official duty station so that they could better fulfill their job requirements; extend the time to complete the relocation process; or lease back their former residence as temporary quarters. We also noted that, unlike the two deviations we reported previously, all 11 deviations involved a change in official duty station. In our opinion, the deviations granted appeared to be in accordance with postal relocation policy and in the best interest of the Postal Service. The cost of these 11 relocations ranged from \$13,993 to \$105,278. The average cost of these relocations was \$41,378.13. Table 1 summarizes the types of deviations granted.

**Table 1.**  
**Deviation Type**

Deviation	Number of Employees
Relocated less than 50-miles	9
Rent-back of residence for temporary quarters	1
Extension of time to relocate	1
	11

- Nine of the deviations were granted from the relocation policy's 50-mile requirement to allow employees to move closer to their new official duty station. For example, an employee on the west coast was reassigned to a new duty station. The distance between the employee's old residence and new duty station was 55 miles, while the distance between the employee's old residence and old duty station was 30 miles. Since the move was only 25 miles, the employee did not qualify for relocation benefits. In this instance, a deviation from the 50-mile requirement was authorized based on the additional responsibilities of the employee's new assignment, the need for the employee to reside near their duty station, and the additional time the employee would have to commute without the relocation. The letter authorizing the deviation also appropriately notified the employee that the relocation benefits would be considered taxable income since the move did not meet<sup>4</sup> the 50-mile relocation requirement. The foregoing example is

<sup>4</sup> Per Internal Revenue Service regulations.

representative of the other eight deviations granted for relocations of less than 50 miles.

- Another deviation allowed an executive to lease back his old residence until his residence at the new official duty station was available. Postal officials concluded that this move was cost beneficial to the Postal Service since the employee was able to rent his former residence for less than what temporary quarters would cost at the new duty station. Further, the employee did not receive reimbursement for meals and incidental expenses while in temporary quarters.
- The final deviation granted an employee an additional year in which to complete his relocation. Accordingly, we believe that the deviation granted for relocation was reasonable.

The deviations reviewed in this report appeared to be in accordance with postal relocation policy and in the best interest of the Postal Service. Therefore, we do not offer any recommendations.

Since this report does not contain recommendations, formal comments are not required. If you have any questions, please contact John Seeba, acting deputy assistant inspector general, Business Operations, or me at (703) 248-2300.