

February 29, 2000

JAMES P. WADE
VICE PRESIDENT, INTERNATIONAL BUSINESS

SUBJECT: Review of the International Travel Process –
Phase II, Lodging Expenses
(Report Number RG-LA-00-001)

This report presents the results of our second review on international travel expenses in the Postal Service. The objective of our first review was to determine whether international travel was authorized in accordance with Postal Service travel regulations. We initiated this review to evaluate the reasonableness of Postal Service policy pertaining to lodging expenses for international travel.

Results in Brief

We concluded that lodging expenses appeared to be reasonable for the 39 international travel vouchers we reviewed. Specifically, for these vouchers we determined that lodging expenses were only 9 percent above the Department of State lodging rates for international travel. While Postal Services travel policies and procedures encouraged prudent planning of travel, they did not set expense limits for lodging for international travel. Thus, in order to assess the reasonableness of lodging expenses we referred to the lodging rates used by the Department of State.

Background

Title 39, Section 410 of the United States Code gives the Postal Service the authority to establish its own travel policies. Postal Service Handbook F-15, Travel and Relocation, is the policy and procedures manual for both international and domestic travel.

Handbook F-15 states that when traveling on official business, the traveler is expected to perform duties in a professional manner and with the same care and prudence as if traveling at the traveler's own expense. Specifically, the handbook requires travelers to:

- Plan their itinerary to accomplish the travel with a minimum investment of time and expense.
- Select the least costly mode of transportation that provides adequate service.

The handbook also requires that when considering lodging rates, approving officials must: (1) take into consideration the traveler's efforts to secure less costly housing; and (2) fully assess the cost of lodging by analyzing the distances from lodging facilities to the work assignment and the related transportation costs.

Objective, Scope, and Methodology

The objective of the review was to evaluate the reasonableness international travel lodging expenses. To accomplish our objective, we judgmentally selected travel data gathered by the San Mateo, California, Accounting Service Center. Vouchers included in our review were processed from May 20, 1998, through May 21, 1999. The vouchers totaled \$445,000 and represented about 13 percent of the total international travel expenses for that period. We conducted interviews with appropriate Postal Service officials and reviewed support for travel vouchers and related Postal Service travel policies. We also compared Postal Service lodging expenses to Department of State lodging guidelines.

Our review was conducted between September 1999 and February 2000 in accordance with the President's Council on Integrity and Efficiency, Quality Standards for Inspections.

Lodging Expenses

Postal Service Handbook F-15, Travel and Relocation establishes the policies for both international and domestic travel. Handbook F-15 states that when traveling on official business, the traveler is expected to perform their duties in a professional manner and with the same care and prudence as if traveling at the traveler's own expense. However, Handbook F-15 does not identify reimbursable lodging rates for international locations. Therefore, we compared lodging rates as listed by the Department of State, PD Supplement 425, dated October 1, 1999, Foreign Per Diem Rates to lodging expenses claimed on the travel vouchers to determine whether lodging expenses were reasonable.

We judgmentally selected 50 international travel vouchers with expenses totaling about \$470,000. Three of the vouchers were excluded because they included domestic travel, leaving 47 vouchers valued at \$445,000. Of these 47 vouchers, eight did not include lodging expenses. The remaining 39 vouchers included lodging costs totaling about \$63,000. Our review revealed that lodging costs for 17 vouchers were at or below the reimbursable rates established by the Department of State by about \$2700. The remaining 22 vouchers contained lodging costs that were above the Department of State rates by about \$8200. Collectively, the lodging expenses in the 39 vouchers exceeded Department of State lodging rates by only about \$5500 or 9 percent, which we considered reasonable.

We appreciated the cooperation and courtesies provided by your staff during the review. If you have any comments on this report, please forward them to this office no later than March 16, 2000. If you have any questions, please contact [REDACTED], [REDACTED], or me at (703) 248-2300.

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