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Need For Additional Improvement  
In Administering The Temporary  
Lodging Allowance Program In The  
Department Of Defense B-146912

UNITED STATES  
GENERAL ACCOUNTING OFFICE

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JAN. 13, 1972



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

DEFENSE DIVISION

B-146912

Dear Mr. Secretary:

The General Accounting Office (GAO) has made a limited survey to determine whether corrective actions taken or promised by the Department of Defense as a result of prior GAO recommendations have been effective in improving administrative control over the temporary lodging allowance (TLA) program for military members assigned to duty at overseas locations. Although the military services have made some progress in this area, we feel that much remains to be done.

TLA is authorized for members initially reporting at a permanent duty station outside the continental United States while awaiting assignment to Government quarters or completion of arrangements for other permanent-type living accommodations. The allowance is authorized also when permanent accommodations are required to be relinquished prior to departure from the overseas duty station. The purpose of the allowance is to partially reimburse members for the more than normal expenses incurred by them while they are required to use hotel or hotel-like accommodations and public restaurants.

The service member and one dependent each receive 50 percent of the travel per diem rate established for the particular overseas area, and each additional dependent receives 25 percent of the prescribed rate. The maximum period of entitlement is 60 days for arrival TLA and 10 days for departure TLA. These entitlement periods can be extended, when justified on an individual-case basis, by major overseas commands.

During fiscal year 1970, the military services spent about \$27.7 million for TLA.

PRIOR GAO AUDITS INVOLVING  
THE ADMINISTRATION OF TLA

In July 1964 we reported to the Congress (B-146912) that unnecessary payments of TLA were being made in the Naples, Italy, area

because military members did not move into suitable permanent quarters as soon after arrival as the quarters became available or because members were prematurely surrendering their permanent quarters before departure. Such payments were made because local naval commanders had not established a program under which the need for members to occupy hotel or hotel-like accommodations could be determined and because the administration and management control over the payment of TLA had not been effective. We also advised local naval officials in Naples of what appeared to be the submission and payment of falsified claims for TLA. The Navy advised us that, in addition to taking other corrective measures, it would take appropriate disciplinary and recovery action in these cases.

In May 1965 (B-146912), we reported that, in our opinion, TLA rates in Hawaii were unrealistically high and that military personnel were receiving an estimated \$2 million to \$3 million annually in excess of their above-normal living expenses. TLA rates are based on the premise that servicemen and their families live in hotels and eat in public restaurants. Most service families included in our tests, however, actually purchased food in military commissaries and resided in apartment-hotel units having adequate cooking and dining facilities. We pointed out not only that the daily TLA rates could be reduced but also that the overall costs to the Government could be reduced by leasing apartment-hotel accommodations from private owners and making them available to members and their families who would otherwise be receiving TLA.

In August 1965 (B-154547), we reported that billeting facilities in two hotels leased by the Department of the Air Force in downtown London, England, could have been used to a greater extent by military personnel on official duty. Personnel without dependents under permanent-change-of-station orders, upon arrival in or before departure from the London area, were paid TLA and a basic allowance for quarters. Such payments could have been avoided if the members had resided in the two hotels that had been leased for their use.

DEPARTMENT OF DEFENSE POSITION CONCERNING  
ADMINISTRATION OF TLA PROGRAM

In one of a series of replies to our May 1965 report, the Assistant Secretary of Defense (Manpower) stated, in a letter dated December 6, 1967, to the Comptroller General, that the Department of Defense was in complete accord with the objective of avoiding excessive payments of TLA and that through continuous efforts any abuse which might have existed had been eliminated. The Assistant Secretary stated also that

- action had been taken by all the services to improve administrative control over the TLA program,
- the Per Diem, Travel, and Transportation Allowance Committee had continually reviewed payments of these allowances on a worldwide basis and had taken action to establish controls in administering the program, and
- paragraph M4303-2b of the Joint Travel Regulations had clearly delineated the overseas commander's responsibilities in administering TLA payments and had given him the authority to deny payment if the member had not complied with applicable requirements.

AIR FORCE AND NAVY AUDITS INVOLVING  
THE ADMINISTRATION OF TLA

After we received the Assistant Secretary's letter, two military audit agencies issued reports indicating that significant deficiencies involving TLA continued and that adequate procedures and controls relating to the administration of the TLA program either were not established or were not sufficiently adhered to. Their findings included comments on (1) a tendency to consider TLA entitlement periods as automatic and, as a result, members were not aggressively attempting to

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locate permanent quarters, (2) an ineffective use of existing Government facilities, (3) an insufficient use of Government-loaned furniture on a temporary basis, (4) the feasibility of leasing commercial accommodations versus the payment of TLA, (5) excessive TLA rates, (6) the lack of adequate command guidance, and (7) the need to clarify existing regulations.

#### Air Force

In November and December 1969, the Air Force Auditor General made an audit at 14 overseas locations to determine whether (1) the installation-level TLA programs had been effectively managed, (2) the causes for using TLA had been identified at the installation level, (3) alternatives available to minimize TLA costs had been evaluated by installation-level managers and had been implemented when appropriate, (4) TLA expenditures could have been further reduced, and (5) the TLA program had been effectively monitored/managed by the major commands within their scope of responsibility. (See Air Force Auditor General Audit Report No. 469, dated May 8, 1970.)

The Auditor General concluded that Air Force TLA operating expenses had increased due to the absence of good administrative and management procedures, the uneconomical use of Government facilities, and the failure of responsible management officials at both the major command and installation levels to actively pursue available cost reduction alternatives. He further stated that, since members used TLA funds to pay hotel and restaurant expenses in foreign countries, the increased cost of the program had an adverse effect on the international balance of payments.

The Auditor General recommended that Headquarters, U.S. Air Force:

- Establish necessary controls and procedures and designate records with which to manage and administer the TLA program at the installation level.

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- Request overseas major commands to ensure that their subordinate units recognize the potential TLA savings that can be realized if existing Government facilities are used more effectively.
- Advise major commands to require that overseas installation commanders accomplish an annual study to identify the causes for TLA payments. When appropriate, installation commanders should explore the feasibility of implementing various TLA cost avoidance actions.
- Require that overseas major commands assist installation commanders in implementing feasible TLA cost avoidance actions.
- Request that the Joint Travel Regulations be amended to eliminate the important entitlement inequity concerning the availability and use of cooking facilities and further request that appropriate changes to the regulations be made to describe more clearly the necessary prerequisites for TLA entitlements and to provide reviewing officials with a better method by which to determine whether members are entitled to TLA.

### Navy

In Audit Report No. A61850 issued December 10, 1970, the Naval Area Audit Service reported that Headquarters, Support Activity, Taipei, Republic of China, needed to improve controls over authorizing departure TLA for Navy personnel incident to permanent change of station from Taiwan to ensure that TLA cost was kept to a minimum and was administered as intended by the Joint Travel Regulations.

In Audit Report No. A61329 issued November 17, 1969, the Naval Area Audit Service reported that the Navy TLA cost in Hawaii could have been reduced by an estimated \$600,000 annually if the Government had provided Navy personnel with temporary lodging through contractor-operated hotels or non-appropriated-fund mobile homes.

CURRENT PROBLEMS IN ADMINISTRATION  
OF TLA BY THE U.S. ARMY IN EUROPE (USAREUR)

We were informed that no TLA audits had been made or planned by the U.S. Army Audit Agency since the release of our prior reports. We therefore performed a limited survey involving TLA payments to Army personnel stationed at installations located in Frankfurt and Wurzburg, Germany. Our survey revealed that weaknesses similar to those identified by the Air Force and the Navy internal audit agencies also existed in the administration of the Army's TLA program. Some of the inadequacies or weaknesses noted in our survey are identified below.

- The Joint Travel Regulations set out basic eligibility conditions for TLA and provide that it is the responsibility of the overseas commander to see that such conditions are met. The regulations, however, do not define what is meant by the "overseas commander." Local officials have failed to systematically advise incoming personnel of their obligations or entitlements with respect to TLA, because no one has been specifically assigned this responsibility.
- Assistance in locating housing and monitoring members' efforts to find permanent accommodations have been inadequate. For example, an official responsible for approving TLA extensions for approximately 48,500 Army personnel in Europe told us that he took no action to verify members' efforts to find housing, because he assumed that unit commanders had done this.
- Unwarranted extensions of TLA entitlement periods have been granted.
- Approval of some concurrent travel of dependents to overseas locations by order-writing officials appears questionable. For example, an officer and five dependents were authorized concurrent travel to Germany on the basis of an approved address cited in his transfer orders. After arrival in Germany, the

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officer signed a statement that the housing at the address cited in his orders was not adequate for his family and he was paid \$3,030 in TLA. The address was that of a nonresidential Army facility. We have been informed that it is not uncommon for a member coming to Europe to cite an improper address to justify concurrent travel of his dependents.

--There has been a lack of coordination between housing offices and officials responsible for administering the TLA program.

--Statements of nonavailability of Government quarters have been improperly issued by housing officials.

We observed that substantial savings in TLA costs could be achieved in the following areas:

--About 35 percent of the occupants in the transient billets at Frankfurt were nonduty personnel (i.e., personnel on leave, etc.) and their dependents. Savings could be realized if actions were taken to increase the availability of transient billets to individuals receiving TLA.

--Housing officials in Frankfurt could convert some of the bachelor officers' quarters to bachelor enlisted men's quarters. Under existing regulations, these facilities could be used as enlisted men's quarters to house twice as many personnel and therefore reduce the number of members without dependents receiving TLA and quarters allowance.

--The cost of USAREUR's leased-housing program averaged about \$3,000 a year for each unit. For a family of four living on the economy, TLA and basic allowance for quarters payments totaled about \$12,000 a year. Thus significant costs savings could be accomplished by leasing additional housing and providing it to servicemen without charge in lieu of paying TLA and quarters allowance.



Housing officials in Germany stated that it was difficult to find suitable housing on the economy. Although the situation might be improved, we doubt that even a highly effective housing staff would be able to solve the entire housing shortage problem in Germany and at other overseas locations unless officials responsible for the administration of the TLA program intensify and coordinate their efforts with those officials responsible for issuing transfer orders and with those officials responsible for providing permanent-type living accommodations at overseas locations. If adequate housing is not available or cannot be provided for American servicemen and their families, then concurrent travel to overseas locations at Government expense should not be approved.

At the conclusion of our fieldwork in Germany, we discussed some of our survey findings with USAREUR officials. Corrective action has been taken to recover overpayments identified during the survey. Also we were advised that unit commanders would be required to certify that addresses used to justify concurrent travel of dependents had been obtained through the housing referral office. This should help eliminate the use of improper addresses to obtain approval of concurrent travel.

The establishment and increased use of housing referral offices in Europe is part of a Defense-wide program to eliminate discrimination in that area. We believe that the proper use of these housing referral offices could not only serve that purpose but also help reduce the incidence of TLA abuses.

#### CONCLUSIONS AND RECOMMENDATIONS

The conditions reported by the Air Force and Navy internal audit organizations and the problems currently being experienced by the Army in Europe confirm the continued presence of weaknesses noted by our prior TLA audits and point up the need for additional improvements in administration of the TLA program.

Internal auditing is an important service to assist management in establishing, maintaining, and, where possible, improving the efficiency,

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economy, and effectiveness of operations. The internal auditor is responsible for making constructive evaluations of operations and, in so doing, should consider the protection and proper utilization of resources and the establishment of effective controls and checks and balances to prevent wasteful operations and ensure compliance with prescribed procedures.

We therefore recommend that you:

1. Require that all services implement, to the extent practicable, the recommendations concerning administration of the TLA program made by the internal audit organizations mentioned in this report.
2. Develop more effective guidelines, including the clarification of existing regulations, where appropriate, for use by military commanders and other responsible officials in reducing the cases in which TLA costs are being unnecessarily incurred.
3. Give increased management attention to the problem areas identified in this report and take such remedial actions, where appropriate, to deal with these matters.

This report is subject to the provisions of section 236 of the Legislative Reorganization Act of 1970. We shall appreciate receiving copies of the statements you furnish to the specified committees in accordance with these provisions.

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Secretaries of the Army, Navy, and

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Air Force. Copies are also being sent to the Appropriations, Government Operations, and Armed Services Committees of both Houses of the Congress.

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Sincerely yours,



For Director, Defense Division

The Honorable  
The Secretary of Defense