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UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
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BEFORE THE
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS
ON

STATE DEPARTMENT AND
U.S. INFORMATION AGENCY
SHIP TRAVEL AND TRAVEL ADVANCES

Mr. Chairman, Members of the Subcommittee:

I am pleased to be here to discuss our recent report to you on State Department and U.S. Information Agency Ship Travel and Travel Advances. That report evaluates the agencies' use of ships for official travel and their management and control of travel advances.

Our work disclosed two significant problem areas which we believe result in unreasonable and excessive use of government travel funds: (1) use of ship travel for post assignments, transfers, and home leave and (2) mismanagement of travel advances. We also found several additional problems resulting from the failure to follow established travel regulations.

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COST OF SHIP TRAVEL
IS EXCESSIVE

Using ships for official travel results in unnecessary expense to the government. In our review we identified 260 foreign service travelers who had used ship transportation during fiscal years 1982 through 1984 at an approximate cost of \$556,232. We estimated that comparable air fare would have been \$160,047¹ for a difference of \$396,185. On these trips, foreign service officers and their families used both riverboats and ocean-liners, and were booked mostly in first-class accommodations.

In addition to the cost, ship travel is also very time-consuming. For example, travel time between England and New York by ship is 5 days. The same trip by air takes 6-1/2 hours. Because the employee is traveling on government time, using a ship results in additional costs in per diem and salary and loss of work time.

Some examples of ship travel
by foreign service officers

For illustrative purposes, I would like to describe several examples of how ships were used by foreign service officers for official travel.

¹These are 1985 air fare costs for respective destinations. We could not readily establish accurate air fares for previous years due to fluctuations in the costs. We were told by travel office staffs at State and USIA that air fares generally increased during this period. Assuming this is true, our estimates of the differences between travel by air and by ship are conservative since the estimated cost of travel by air in previous years would be overstated.

Example #1

A USIA officer, with five dependents, was transferred from Buenos Aires, Argentina, to Washington. The officer departed Buenos Aires by ship for a 12-day trip through the Strait of Magellan, up the west coast of South America to Lima, Peru, and flew from Lima to Washington. The air fare was \$2,432, and ship fare was \$11,417 for a total of \$13,849. In addition, the officer lost 10 work days, which we estimate added about \$2,000 to the cost of the trip, bringing the total to nearly \$16,000. The officer and his dependents could have flown from Buenos Aires to Washington in one day for about \$6,150 in air fares and \$200 in lost time. The overall excess cost incurred in this particular trip was about \$9,500.

Example #2

A State Department officer stationed in Buenos Aires went on home leave with three dependents to Los Angeles by air via Washington, D.C. He scheduled the return trip by ship from Los Angeles to Buenos Aires at a cost of \$20,770. However, he missed the ship's departure in Los Angeles. Consequently, he flew from Los Angeles to Columbia and boarded the ship there. He traveled 25 days by ship from Cartagena to Buenos Aires. The total transportation cost for the trip from Los Angeles to Buenos Aires was \$18,156. In addition, the officer lost 19 work days, which we estimate added about \$3,800 to the cost of the trip, bringing the total to about \$22,000. The officer and his dependents could have flown from Los Angeles to Buenos Aires in

one day for about \$3,360 in air fares and \$200 in lost time. The overall excess cost incurred in this particular trip was about \$18,396.

Example #3

A State Department officer and his wife, en route from Islamabad, Pakistan, to Los Angeles flew from Islamabad to Bangkok, Thailand. In Bangkok they boarded the Queen Elizabeth II (QE-II) for a 19-day trip to Hawaii which cost \$13,761. From Hawaii they flew to Los Angeles. The total transportation cost, including \$1,293 in air fares, was \$15,054. In addition the officer lost 18 work days, which we estimate added about \$3,600 to the cost of the trip bringing the total to about \$18,654. The officer and his wife could have flown from Islamabad to Los Angeles in about 2 days for about \$2,760 in air fares and \$400 in lost time. The overall excess cost incurred in this particular trip was about \$15,494.

Example #4

A USIA officer returning to Buenos Aires, Argentina, from Washington, D.C., flew to Panama for air fare of about \$425. In Panama, he boarded a ship for a 19-day trip to Buenos Aires at a cost of \$6,565. The total transportation cost for the trip was \$6,990. In addition, the officer lost 15 work days, which we estimate added about \$3,000 to the cost of the trip, bringing the total to about \$9,990. The officer could have flown from Washington to Buenos Aires in one day for about \$1,027 and \$200 in lost time. The overall excess cost incurred in this particular trip was about \$8,763.

Regulations regarding ship
travel are contradictory

Foreign service travel regulations are set forth in the Foreign Affairs Manual (FAM) in accordance with the authority granted to the Secretary of State by the Foreign Service Act of 1980, as amended. These regulations require that employees "use the most direct and expeditious routes consistent with economy" and "...exercise good judgment in the costs they incur for all official transportation expenses as if they were personally liable for payments." Although on the face of it, these provisions would seem to rule out ship travel, in fact ship travel is permitted (Volume 6 of the FAM). Some employees have taken advantage of this conflict in the regulation, and State and USIA officials have approved costly, time-consuming ship travel.

According to the regulations (FAM 133.2-1), foreign flag ships can be used for travel when payment can be made with surplus foreign currency owned by the U.S. government and when American flag ships do not operate on the route. We found in many cases that the foreign service officers of State and USIA use excess currency to purchase QE-II ship transportation with first-class accommodations on some portion of their home leave or transfer trips across the Pacific and Atlantic Oceans. Of course, excess currency can also be used for any type of transportation and could purchase the more economical air fare for home leave and transfers from post to post.

In December 1984, following extensive adverse publicity about the use of a Mississippi riverboat by a USIA official

transferred from Uruguay to Washington, the Department directed that riverboats will no longer be used for official travel. This direction has not yet been incorporated in the FAM. The use of ships for transoceanic travel continues to be allowed.

State, USIA, and AID
policies and views on
ship travel

State, USIA, and Agency for International Development (AID) have different policies toward ship travel. While all three authorize travel for home leave and transfers under the same basic regulation, each agency applies the regulation differently: State Department employees may travel both ways by ship, USIA employees may use a ship one-way, and AID employees are only authorized to use a ship at government expense when required for medical reasons.

State's Director of Fiscal Operations--whose staff is responsible for reviewing and approving travel vouchers--stated that he had approved ship transportation because regulations allow such travel.

USIA's Associate Director for Management said that ship travel is acceptable because the regulations do not prohibit it. He further said that if such travel is to be prohibited, the regulations should be changed to reflect this. The Chief of Foreign Service Personnel Division, USIA, who is responsible for managing USIA's home leave and transfers, agreed with the Associate Director's views.

AID officials said they believe ship travel is too costly and time-consuming. Their policy, which has been in effect for almost 14 years, is that travel authorizations after December 31, 1971, will exclude ship travel except under the following conditions:

- Per diem is limited to the number of days required for air travel, including time zone allowance.
- Annual leave is charged for work days in excess of normal flight time, plus time zone allowance.
- Ship travel is to be on a constructive cost basis. Any excess over economy class air passage is charged to the employee.
- An individual with a medical certificate prohibiting air travel may use a ship.

Conclusions and recommendations
concerning ship travel

In our opinion, the wording in the foreign service travel regulations--which allow ship travel but require travelers to use the most direct and expeditious routing consistent with economy--is contradictory. This contradictory wording causes unnecessary transportation expenses, lost employee time, and inconsistent application of policy among foreign affairs agencies.

In our recent report, we recommended that the Secretary of State and the Director, USIA, revise travel regulations for home leave and transfer to preclude ship travel except for medical reasons--unless the traveler is willing to pay the costs in excess of the most economical means and route, and to use annual leave for the extra time required.

TRAVEL ADVANCE FUNDS ARE
NOT ADEQUATELY MANAGED

Foreign service officers who travel on official business are authorized an advance of funds to meet expenses. When a traveler requests advance travel funds, he signs a statement agreeing to submit a travel reimbursement voucher and/or remit a refund to the government within 30 days following completion of travel or postponement or cancellation of the travel. Many employees were not complying with this requirement, with the result that both State and USIA have very high delinquency rates. For example, as of January 1985, State's outstanding travel advance funds totalled \$10,856,852, of which \$9,960,664, or 92 percent, was at least 60 days overdue. At the same time, USIA's outstanding travel advances amounted to \$2,774,500, of which \$2,332,100, or 84 percent, was overdue by at least 30 days. These funds have been held by travelers for as long as several years before settlement--in effect as interest-free loans. Within the last several years, State and USIA have written off \$876,662 in advances as uncollectible.

Travel advance problems
are long-standing

Problems with travel advance management and lax collection procedures have persisted for years at both State and USIA. In 1982, State's Comptroller, in a memo to the Under Secretary for Management, identified the problems as (1) untimely and inaccurate data input and controls, (2) insufficient staff, (3) inadequate commitment by department managers to control

travel advances, and (4) travelers' failure to comply with regulations. Subsequently, State's Inspector General (IG) reported that as of September 1983, outstanding travel advances totalled \$8.9 million, of which \$4.9 million, or about 55 percent, was delinquent.

Our review found an increasing number of outstanding advances and an increasing delinquency rate--with accounts up to 7 years past the required settlement date. Typical examples in the accounts were:

- An advance of \$8,989 which had been delinquent 8 months.
- An advance of \$2,077 which had been delinquent 3 months.
- An advance of \$1,725 which had been delinquent 6 yrs 9 mos.
- An advance of \$1,200 which had been delinquent 7 yrs 7 mos.
- An advance of \$2,980 which had been delinquent 5 years.

Like State, USIA does not have an effective system in place to monitor, track, report on, and collect advance travel funds efficiently and promptly. In a USIA Inspector General report issued in March 1985, problems with delinquencies, collections, and write-offs were discussed. The management of travel advances was described as "an embarrassment to the agency."

Collection efforts
are inadequate

Charging interest on overdue reimbursements of travel advances and payroll deductions are two of the many tools available to State and USIA managers to enforce prompt repayment of travel advances. State Department managers have been reluctant to use these means, mainly because of lack of confidence in the data and insufficient staffing. The Director, Office of Fiscal Operations, said he had never taken action to charge interest.

Further, of the 9,000 fiscal year 1984 accounts, of which 8,100 totalling about \$9.0 million were delinquent, only 11 accounts were sent for payroll deduction from the traveler's pay.

USIA also has rarely used payroll deductions to collect overdue accounts. The USIA travel advance control clerk indicated that payroll deductions would be used more if adequate staff was available to monitor the accounts closely, prepare notices, and bill the delinquent travelers. Up to now, payroll deductions have not been effective because accounts are not monitored closely, and personnel are transferred or separated from the government before accounts can be cleared.

Some accounts have
been written off

One of the methods used by the State Department to clear accounts was to write them off the books. During the period from May to August 1984, about 966 accounts, totalling \$410,800, were eliminated. In some cases, charges and credits which were not related to the same account were used to write off accounts. Consequently, some travelers may have been relieved of their responsibility to repay travel advances, and some may have had amounts due them eliminated.

In one example, a State Department employee's record showed a travel advance of \$6,410 as of August 31, 1984. He was credited with a \$1,775 voucher. The remaining \$4,635 was written off. The Department contacted both the employee and the post regarding the initial \$4,635 outstanding advance. The employee indicated that he had settled this advance at the post; however,

the post could not provide documentation to support the settlement. Subsequently, the employee received another travel advance of \$5,970.

USIA has used the same method to clear its records. Between January 1983 and January 1985 over \$400,000 in travel advances was written off.

Problems still exist

One of the main problems in the management of travel advances is the lack of reliable information. Both State and USIA officials acknowledge that travel advance data is untimely and inaccurate.

Officials in the office of the Department of State's Associate Comptroller for Financial Operations stated that when the Department's new financial management system, which is currently under development, becomes fully operational, the travel advance problems will be addressed and corrected. Based on current milestones for development of the system, it appears that the system will not be fully operational for at least 2 more years. The schedule for developing and implementing the new system had been delayed several times at the time we completed our work.

Conclusions and recommendations concerning travel advances

In summary, management and control of travel advances by the State Department and USIA are inadequate. Both agencies need to take immediate actions to resolve these long-standing problems. Although Department of State officials indicated that the new financial management system will address the travel

advance problems, we believe an interim solution is needed because the new system may not be operational for several years. The problem of travel advance management needs more immediate attention.

In our recent report we recommended that the Secretary of State and Director, USIA, require all outstanding delinquent travel advance accounts to be reconciled immediately, require appropriate collection efforts to be undertaken, and take the necessary steps to ensure that travel advances are properly managed in the future.

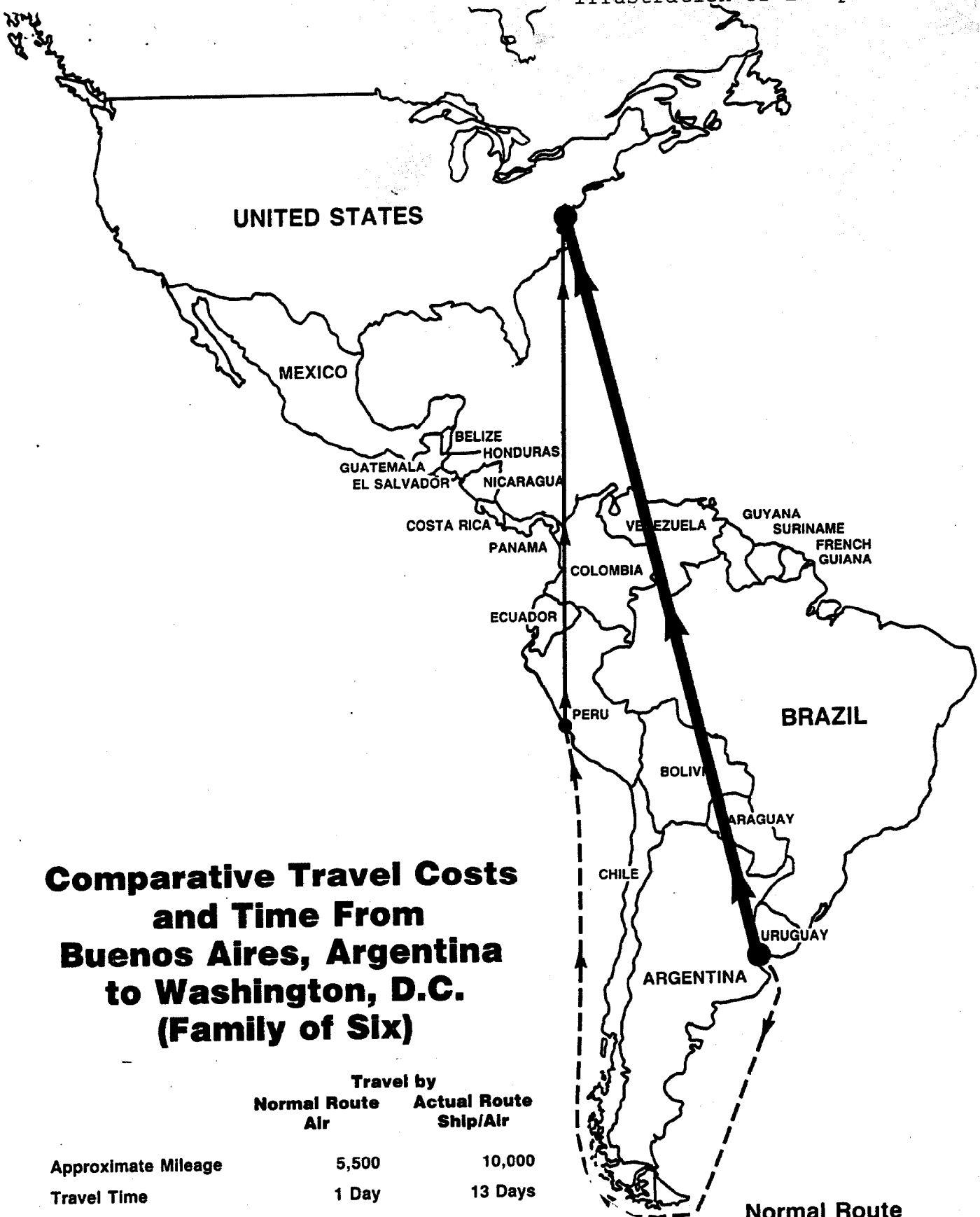
OTHER PROBLEMS

In addition to problems already discussed, our work disclosed a list of additional problems resulting from the failure to follow or enforce existing regulations, including the following:

- Claims were not supported by documentation.
- Justification for use of foreign carriers, first class accommodations, and special conveyances (charter aircraft) were missing.
- Unsupported or improper claims and unallowed expenses were paid.
- Vouchers were filed late.

We believe these problems demonstrate laxness by State Department and USIA toward enforcement of regulations. We recommended in our report that the Secretary of State and the Director of USIA reemphasize to approving and certifying officials the importance of enforcing existing regulations.

Mr. Chairman, this concludes my statement. I will be happy to respond to any questions you may have.



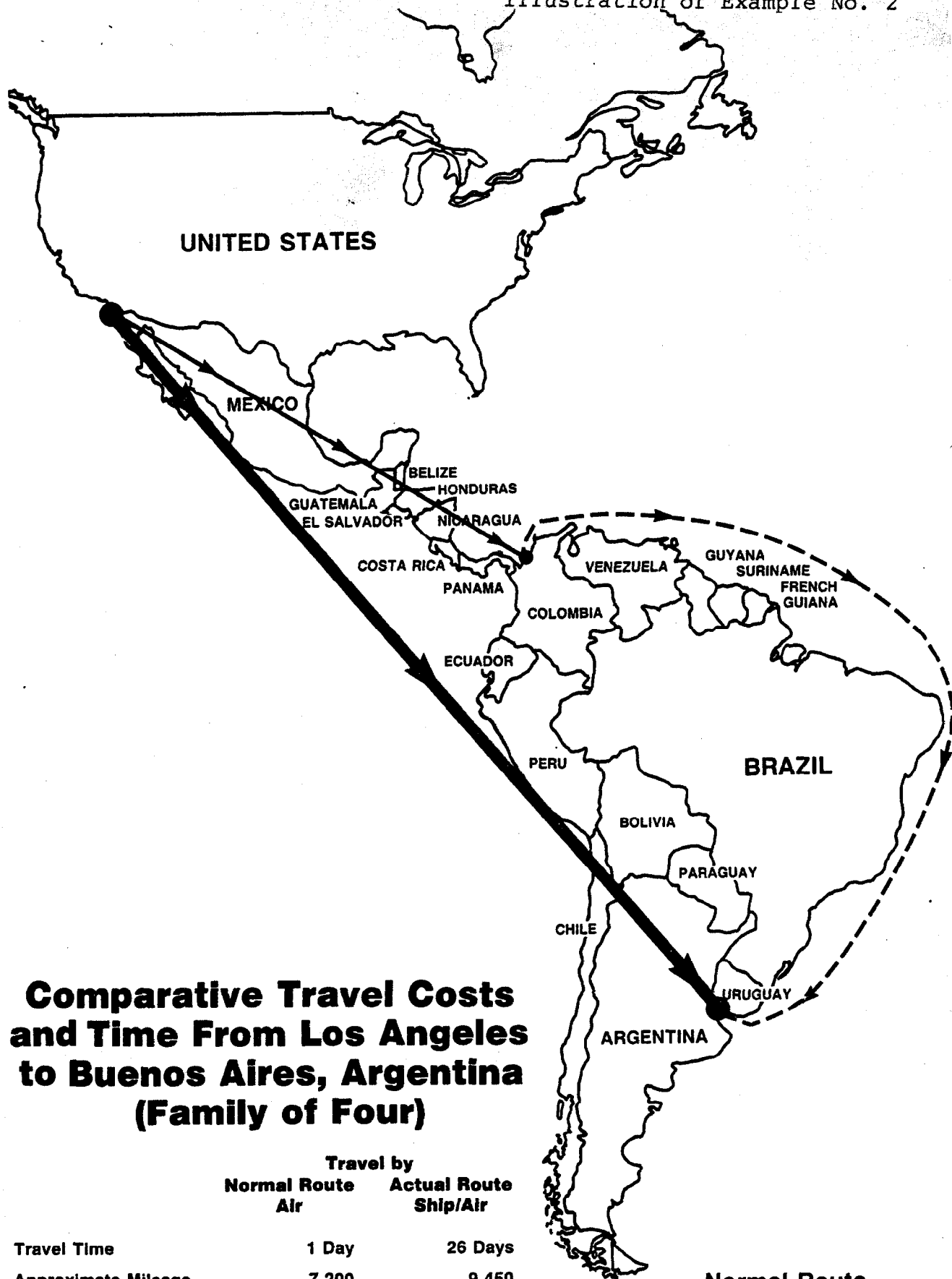
Comparative Travel Costs and Time From Buenos Aires, Argentina to Washington, D.C. (Family of Six)

	Travel by	
	Normal Route Air	Actual Route Ship/Air
Approximate Mileage	5,500	10,000
Travel Time	1 Day	13 Days
Transportation Fare	\$6,200	\$13,849
Travel Time Cost (Salary @ \$200/Day)	200	2,000
Total Cost	\$6,400	\$15,849
Difference		\$9,449

Normal Route Air

Actual Route Ship
Air





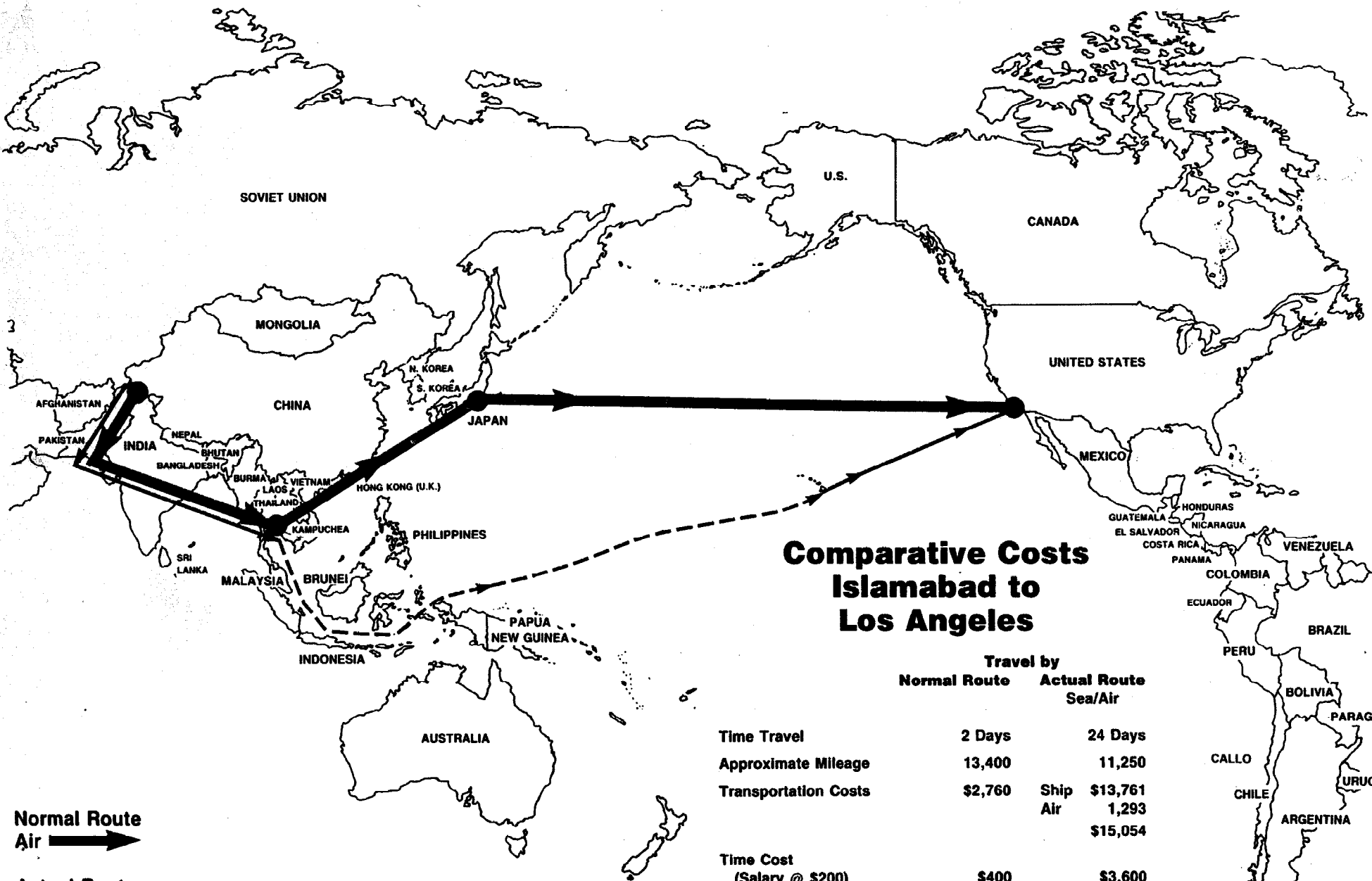
Comparative Travel Costs and Time From Los Angeles to Buenos Aires, Argentina (Family of Four)

	Travel by Normal Route Air	Actual Route Ship/Air
Travel Time	1 Day	26 Days
Approximate Mileage	7,200	9,450
Transportation Fare	\$3,360	\$18,156
Travel Time Costs (Salary @ \$200/Day)	200	3,800
Total Cost	\$3,560	\$21,956
Difference	\$18,396	

Normal Route
Air

Actual Route
Ship
Air





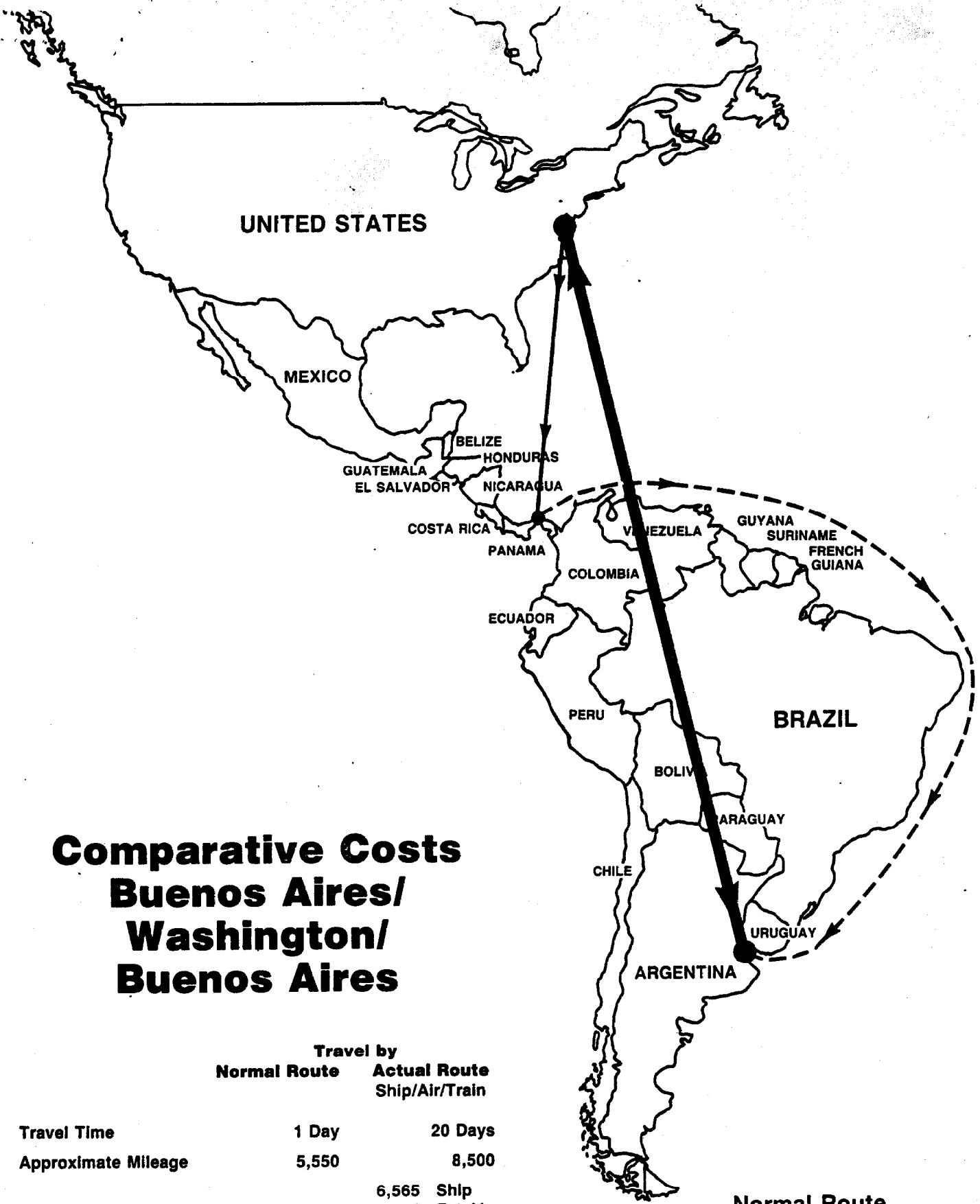
Normal Route
Air **→**

Actual Route
Ship **- - - -**
Air **→**

Comparative Costs Islamabad to Los Angeles

	Travel by	
	Normal Route	Actual Route Sea/Air
Time Travel	2 Days	24 Days
Approximate Mileage	13,400	11,250
Transportation Costs	\$2,760	Ship \$13,761 Air 1,293 \$15,054
Time Cost (Salary @ \$200)	\$400	\$3,600
Total Cost	\$3,160	\$18,654
Difference	\$15,494	





Comparative Costs Buenos Aires/ Washington/ Buenos Aires

	Travel by	
	Normal Route	Actual Route Ship/Air/Train
Travel Time	1 Day	20 Days
Approximate Mileage	5,550	8,500
Transportation Fare Wash/BA	\$1,027	6,565 Ship 425 Est Air \$6,990
Travel Time Cost (Salary @ \$200)	200	\$3,000
Total Cost	\$ 1,227	\$9,990
Difference	\$8,763	

Normal Route
Air

Actual Route
Ship
Air

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