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The Joint Agency Transportation Study was undertaken to alleviate long-standing complaints by common carriers regarding unwarranted delays in payment by the Government for transportation services. The study made 58 recommendations for improving the procedures and documents used in conducting the Government's transportation business. Findings/Conclusions: With few exceptions, actions to implement these recommendations have been completed, producing annual savings of over \$8 million for the Government and resulting in other benefits for the Government and commercial carriers from whom transportation services are procured. Recommendations directed at improved payment practices involved civilian agency billing locations, central payment facilities, automatic payment of freight charges, automatic payment of airline ticket charges, and a modified bank payment concept. Recommendations for improving freight practices concerned Government bills of lading, expanded use of cash and commercial forms and procedures, elimination of obsolete forms, and changes in loss and damage claims procedures. Recommendations for improving passenger transportation practices covered Government transportation requests, expanded use of cash for domestic passenger transportation, credit cards, and excess baggage authorization. Other recommendations involved improvements needed in the audit of rates and fares billed by commercial carriers. (RRS)

6865

STUDY BY THE STAFF OF THE U.S.

General Accounting Office

Summary Of Actions Taken To Implement The Recommendations Of The Joint Agency Transportation Study

GAO and other agencies have substantially completed actions to implement the recommendations of the Joint Agency Transportation Study.

These actions have resulted in annual savings estimated at over \$8 million and have provided many other benefits for the Government and for commercial carriers from whom transportation services are procured.



LCD-78-218
JUNE 29, 1978

PREFACE

The Joint Agency Transportation Study was done under the sponsorship of the Joint Financial Management Improvement Program and resulted in 58 recommendations for improving the payment, audit, and settlement processes for freight and passenger transportation services provided Government agencies.

In this staff study we discuss the actions taken to implement these recommendations. We also summarize the savings and benefits by and for the Government and commercial carriers as a result of implementing actions.

The implementing regulation for most of the procedures established as a result of this work was published as a permanent part of the Federal Property Management Regulations by the General Services Administration, effective July 1, 1977 (41 CFR 101). The procedures established have remained basically unchanged since originally implemented by various letters of authority as indicated in the report.



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C o n t e n t s

		<u>Page</u>
SUMMARY		i
CHAPTER		
1	INTRODUCTION	1
2	JATS RECOMMENDATIONS DIRECTED AT IMPROVED PAYMENT PRACTICES	3
	Civilian agency billing locations	3
	Central payment facility	4
	Automatic payment of freight charges	4
	Automatic payment of airline ticket charges	5
	Modified bank payment concept	6
3	JATS RECOMMENDATIONS FOR IMPROVING FREIGHT PRACTICES	8
	Standard Government bill of lading	8
	Short form Government bill of lading	9
	Loss and damage	10
	Payment in cash for domestic freight charges	11
	Small domestic surface shipments	11
4	JATS RECOMMENDATIONS FOR IMPROVING PASSENGER TRANSPORTATION PRACTICES	13
	Government transportation request	13
	Expanded use of cash for domestic passenger transportation	13
	Credit cards for passenger transpor- tation	14
	Government excess baggage authoriza- tion	15
5	JATS RECOMMENDATIONS FOR IMPROVING THE AUDIT AND SETTLEMENT OF TRANSPORTATION ACCOUNTS	16
6	JATS RECOMMENDATIONS DIRECTED AT GENERAL PROCEDURAL IMPROVEMENTS	18
	Civilian agency payment practices	18
	Redemption of unused tickets	19
	Report of change in passenger trans- portation service	19
	Revision of GTR to serve as a procure- ment document and a ticket	19
	Government voucher forms	20

Page

CHAPTER

7	JATS RECOMMENDATIONS ON INFORMATION AND EDUCATION ON IMPLEMENTATION ACTIONS	21
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APPENDIX

I	JATS recommendations	23
II	Agencies responsible for implementing JATS recommendations	29

ABBREVIATIONS

CBL	Commercial bill of lading
DOD	Department of Defense
GAO	General Accounting Office
GRL	Government bill of lading
GEBA	Government Excess Baggage Authorization
GEBAT	Government Excess Baggage Authorization/Ticket
GSA	General Services Administration
GTR	Government Transportation Request
JATS	Joint Agency Transportation Study
SF	Standard Form

SUMMARY

The Joint Agency Transportation Study was undertaken to alleviate long-standing complaints by common carriers regarding unwarranted delays in payment for transportation services. The Study made 58 recommendations for improving the procedures and documents used in conducting the Government's transportation business. Except as otherwise indicated, implementation actions on the 58 recommendations have been completed. Implementing actions have produced annual savings estimated at over \$8 million for the Government, and resulted in many other benefits for the Government and the commercial carriers from whom transportation services are procured. The changes summarized below have affected every passenger and freight movement of the Government and every transaction between the Government and the common carrier industry.

IMPROVED PAYMENT PRACTICES

The recommendations in this part were mainly designed to help relieve commercial carriers' problems concerning the Government's procedures and practices for payment of transportation bills. Although one implementing action is still being developed and another has proven not to be feasible, implementation of recommendations dealing with the automatic payment of airline fares has provided annual savings estimated at over \$8 million. (See p. 3.)

IMPROVED FREIGHT PRACTICES

These recommendations were designed to modernize and streamline the forms and procedures for procuring freight transportation services and to bring them more in line with commercial practices. Implementation actions concerning the Government bill of lading and payment for freight services at origin required passage of legislation to exempt transportation from the 150-year-old statute (31 U.S.C. 529) which prohibited payment prior to Government confirmation of delivery. Many changes were made in the bill of lading form and the procedures covering its use, and several forms made obsolete by these changes were discontinued. Implementation of other recommendations brought the Government more in line with commercial practices by separating the settlement for freight charges from settlement of loss and damage claims and by establishing \$25 as the minimum below which the Government will not process a claim. Other implementation actions permit Government shippers the option of using commercial forms and procedures (within certain limits) for procuring transportation services. (See p. 8.)

IMPROVED PASSENGER PRACTICES

The recommendations dealing with passenger practices were designed to modernize and streamline forms and procedures for procuring transportation services for Government travelers. In addition to the many changes made in the Government transportation request, Government agencies are authorized to pay cash for passenger transportation services which cost \$100 or less. Also, changes were made in the form used for procurement of excess baggage transportation, but the Study concluded that the Government should not establish a credit card plan nor participate in carrier credit card systems. (See p. 13.)

AUDIT AND SETTLEMENT

The original recommendation stated that the audit and settlement of Government transportation payments should remain with us. After further study, however, legislation was introduced and passed providing that the function would be performed by the General Services Administration. Computerization of the audit has been an objective for many years and much work has been done to develop this technique. We plan to follow the progress to develop such a system. (See p. 16.)

GENERAL PROCEDURAL IMPROVEMENTS

These recommendations were designed to correct problems in the processing of transportation bills for payment. In addition to procedural improvements, several forms were changed or eliminated. Our contacts with carriers and the transportation audit group indicate that problems have decreased. (See p. 18.)

INFORMATION AND EDUCATION

Implementation actions affect every passenger and freight movement made for the Government. The civil and military traffic management organizations were instrumental in disseminating information to civilian and military personnel of the Government, as well as commercial carriers' representatives. (See p. 21.)

CHAPTER 1
INTRODUCTION

For years, the transportation industry (common carrier) had complained about unwarranted delays in the payment of its bills for freight and passenger services provided the U.S. Government. The problem appeared more pronounced in civilian agencies where carriers complained about the hundreds of billing points--i.e., offices for submitting vouchers for payment--in contrast to but three billing and paying facilities for the military services in the Department of Defense (DOD). To evaluate this and other existing problems, the Comptroller General of the United States, the Administrator of General Services, the Deputy Director of the Office of Management and Budget, the Fiscal Assistant Secretary of the Treasury Department, and members of their agencies agreed that a joint agency study should be made to consider the desirability of greater centralization of civilian agency transportation payment functions. They agreed also that the systems for procuring and paying transportation services should be reviewed to determine whether they could be simplified and improved.

Objectives of the study were to develop:

- Improved methods for expediting payment, audit, and settlement of carrier bills covering civilian agency transportation.
- Improved procurement and payment practices and documents relating to freight shipments.
- Improved procurement and payment practices and documents relating to passenger transportation.

Fifty-eight recommendations resulted from the Joint Agency Transportation Study (JATS). Appendix I lists these recommendations, and appendix II indicates the specific Federal agency responsible for implementing each recommendation.

With few exceptions, actions to implement these recommendations have been completed. Overall implementation responsibility within the executive branch was given to the Office of Management and Budget. Of the 58 recommendations, 30 required action by us under our former authority to approve procedures and forms for procurement of commercial transportation services. This authority has since been

transferred to the General Services Administration (GSA) as discussed in chapter 5 of this report.

This report summarizes the corrective actions taken or planned with respect to each of the 58 recommendations made in JATS.

CHAPTER 2

JATS RECOMMENDATIONS DIRECTED AT

IMPROVED PAYMENT PRACTICES

The first 11 recommendations pertained to practices for paying transportation services. Four recommended actions which would improve existing practices, and seven others concerned new concepts or procedures for payment of transportation obligations. Of the latter, two recommended against proposed changes, one is still under development, and another proved to be impractical. However, three recommendations dealing with automatic payment of airline ticket charges have been implemented and are resulting in annual savings estimated at over \$8 million.

CIVILIAN AGENCY BILLING LOCATIONS

To alleviate carrier concerns as to the many locations to which carriers were forced to send their transportation bills for payment, JATS recommended:

- Eliminating bill-to locations which were not also certifying offices.
- Exploring the advisability of establishing a single domestic bill-to and certifying location.
- Emphasizing the importance of entering correct bill-to address on documents.
- Designating one point in each agency to handle all improperly addressed transportation bills.

Most of the Federal agencies agreed with the recommendations; however, several agencies which function through autonomous bureaus or regional offices, cited the autonomy as a reason for opposing the recommendations.

The Department of Agriculture replied that it was not feasible to reduce bill-to locations in all of its agencies since accounting systems in some were not centralized. However, the Department has since established a centralized payment facility at New Orleans, Louisiana, for paying carriers' bills, travel vouchers, payrolls, and for performing other departmental accounting functions.

In addition, the Veterans Administration has consolidated about 80 percent of its former 235 paying offices at a centralized facility at Austin, Texas. Its conversion program is expected to be completed during fiscal year 1978.

JATS also recommended changing the Government bill of lading (GBL). (See ch. 3.) The change provided for entry of a specific title and address of the office to which the carrier is to bill charges in lieu of an open bill-to block on the GBL. Also, in chapter 6, in connection with civilian agency payment practices, we discuss other improvements in the Government's payment practices.

All of these actions have provided faster payment of carriers' bills and have reduced the number of problem bills being handled annually by carriers and the Government.

CENTRAL PAYMENT FACILITY

The JATS report recommended that a single central payment facility to receive and process civil agency transportation bills not be established and that, should GSA require additional traffic management data, arrangements should be made to obtain such data from other available sources.

Although no central facility for civil agencies has been established, two agencies (whose payment facilities were greatly dispersed) have consolidated most of their payment facilities. This consolidation has resulted in benefits to carriers, as indicated in the foregoing section, and the availability of transportation documents at one office in an agency should enhance the ability to conduct traffic management analyses and facilitate the retrieval of information on past shipments.

AUTOMATIC PAYMENT OF FREIGHT CHARGES

One of the JATS recommendations provides that:

--The GSA systems concept of automatically paying freight charges on Federal Supply Service intraregional outbound shipments covered by freight-all-kinds rates be vigorously pursued.

This concept would allow GSA to certify transportation charges for payment by the Treasury Department without the requirement for a voucher billing by the carrier or the administrative processing of that billing. Subsequent to development of the automatic payment concept, GSA initiated

two new and comprehensive programs--Transportation Inquiry and Payment System and FSS-19.

The first-mentioned program has three phases: (1) development of a data base consisting of movement and cost information, (2) a transportation management reporting system, and (3) automatic payments to carriers as contemplated by the recommendation. The FSS-19 program envisions a supply system which would apply the latest computer technology to GSA's responsibility for inventory management, supply support, and distribution. Implementation of this recommendation is contingent upon initiating the above programs; however, a definitive status report as to their completion is not available at this time.

We were involved in this recommendation because of our former responsibility to approve procedures and forms used in procurement of Government transportation services. This responsibility was transferred to GSA by the General Accounting Office Act of 1974 (Public Law 93-604, Jan. 2, 1975). (See ch. 5, Audit and Settlement.) While we are no longer actively involved in this recommendation, we plan to follow GSA's progress in this effort.

AUTOMATIC PAYMENT OF AIRLINE TICKET CHARGES

This concept concerned the automatic payment of charges for airline tickets procured through teleticketing facilities for Government travelers. Many Government offices use teleticketing machines for procurement of airline tickets. For each ticket procured, a Government Transportation Request (GTR) (procurement document for passenger travel) was forwarded to the airline. The GTR form was then attached to the airline's voucher and returned to the Government office for payment.

Under the automatic payment concept, a listing is prepared of all tickets obtained through the teleticketing machine during an agreed period (usually a week). These tickets and the listing are cross-referenced to one GTR issued for the agreed period. The listing, accompanied by the original GTR and a copy of each ticket, is certified for payment and forwarded to the airline with a check for all tickets listed.

GSA is responsible for developing and administering the program. GSA reports that the program has eliminated approximately 70,000 GTRs per month at 42 Government agencies and offices. GSA estimates that the Government saves

\$10 a ticket by not having to issue a GTR, relieving administrative examination of vouchers, and making four payments per month per agency in lieu of one for each voucher. Based on the number of GTRs eliminated each month at the savings reported by GSA, we estimate that this program is saving over \$8 million annually. GSA also reports that over 100 additional Government agencies and offices could be included in this program.

Therefore, as the program expands, several additional millions of dollars per year could be saved. A similar arrangement for rail passenger ticket charges was recently reached with AMTRAK. The arrangement, however, is not as dynamic in terms of use and savings due to the lower incidence of rail travel by Government personnel. These payments are centrally audited by GSA from a listing and ticket coupon forwarded to GSA by each agency. We were told that these payments do not create a problem in the centralized audit of transportation bills.

MODIFIED BANK PAYMENT CONCEPT

To simplify billing and payment procedures, private industry uses many types of bank payment plans to pay transportation charges incurred by shippers. Therefore, JATS recommended that:

--A cost-benefit study be made to determine the advisability of adopting a bank payment plan for the Government.

Under a modified bank payment concept, a carrier would simultaneously receive a blank bank draft from the Government shipping agency and the GBL or GTR requesting the service. The carrier would then write its charges for the service requested on the draft, deposit the draft with its local freight or passenger payment bank, and forward the shipping documents to the Government shipping agency. The bank would credit the carrier's account and clear the draft through its central clearinghouse and the Federal Reserve Bank System. The Federal Reserve Bank would charge the draft to the Treasury's general fund account and credit the depository bank's account. The paid draft would then be forwarded to the agency concerned where it would be associated with the shipping or passenger documents which would then be sent for customary audit. If the draft contained an overcharge for the service, a claim would be made directly against the carrier. The plan would eliminate the use of a voucher (Standard Form (SF) 1113, Public Voucher for Transportation

Charges) for carrier billings and the issuance of checks by the Treasury Department.

The Office of Management and Budget assigned the responsibility of considering a bank payment concept to the Joint Financial Management Improvement Program. Officials of the Program and our General Counsel identified several problems with this concept.

First, the bank payment concept would be in violation of the Disbursing and Certifying Officers Act of 1941 because it would involve issuance of a check unsupported by a duly certified voucher (31 U.S.C. 82b). Thus, for the Government to adopt a bank payment plan, exemption from the above requirement would have to be sought through congressional legislation.

Another factor which places doubt on the advisability of adopting a bank payment plan is that the aggregate total of carrier-priced individual drafts could possibly exceed available appropriations for transportation services. This would violate the Anti-Deficiency Act (31 U.S.C. 665), unless the amount on each draft could be limited. This means that each draft, prior to issuance, would have to be prepriced, which, as other studies have shown, can only be done by competent technical personnel with sufficient tariff and quotation support. Carriers currently price Government shipments, and to transfer this burden to the Government would be unjustified and impractical, as well as economically unsound.

Additionally, in a bank payment plan, the ordering office (either consignor or consignee) or carrier would forward the transportation document to the paying agency, while the payment draft is being forwarded through payment channels. Thus, for a postaudit of the rates or fares to be made, these documents would have to be matched again after bank payment. The audit of most Government transportation payments is currently done on a centralized basis. Matching the payment draft with the transportation document would have to be done either by the paying agency or centralized audit facility, either of which would be very costly.

Therefore, a bank payment plan has not been adopted by the Federal Government for payment of transportation obligations.

CHAPTER 3

JATS RECOMMENDATIONS FOR IMPROVING

FREIGHT PRACTICES

JATS made 23 recommendations on needed improvements in the forms and procedures for procuring freight transportation services. Several implementation actions were contingent upon passage of legislation which exempts transportation from the statute that prohibited payment prior to Government confirmation of delivery (Public Law 92-550).

The other recommendations concerned (1) GBLs, (2) expanded use of cash and commercial forms and procedures, (3) elimination of obsolete forms, and (4) changes in loss and damage claims procedures.

STANDARD GOVERNMENT BILL OF LADING

Of the 16 recommendations concerning GBLs, 14 were incorporated into the revised procedures and GBL form we authorized on April 1 1974. Many of the changes in GBLs were contingent upon legislation which would exempt transportation payments from the 150-year-old statute (31 U.S.C. 529) that prohibited payment prior to Government confirmation of delivery. We worked closely with GSA, DOD, and the Senate Committee on Commerce, to effect passage of this legislation (Transportation Payment Act of 1972, Public Law 92-550, Oct. 25, 1972).

This legislation permitted the Government for the first time to give a carrier a standard GBL which it could present for payment on its own certification that delivery was made in good order. Any claim for loss and/or damage is handled separately from the freight charges. Another innovation permitted by this law is the payment in cash from imprest funds for prepaid, as well as collect transportation services, within certain monetary limitations (presently \$100 per shipment) on commercial bills of lading (CBLs). This legislation also brought all commercial carriers and forwarders under the same provision of law for Government transportation payments, and provided for "standards" of performance as a prerequisite to payment.

Other innovative recommendations suggested changes in the format and usability of CBLs and eliminated several attendant forms. One change which would have eliminated the GBL's waybill copies--at an annual savings of \$50,000--was

dropped because rail carriers who still use these copies to control shipments, objected. Another change which would have designated a GBL memorandum copy as "Fiscal" and another as "Issuing Office" was dropped as potentially confusing because the procedures followed by some agencies did not provide for transmittal of copies to fiscal and issuing offices.

Many benefits accrue to the Government and commercial carriers as a result of implementation actions for adopted recommendations. Benefits to the Government occur in (1) improved movement of shipments and document flow as a result of document format changes, (2) reduced consignee time in processing documents on receipt of shipments, and (3) eliminating several attendant documents.

Several of the recommendations adopted eliminate long-standing complaints by carriers and bring the Government more in line with commercial practices. The benefits for carriers occur in areas such as (1) improved operations, from changes in procedures and document format and elimination of forms and (2) financial, by being able to bill for charges as soon as shipment delivery is made without awaiting certification of delivery by the consignee. The benefits and savings for carriers, while not measured in dollars, may exceed the benefits for the Government.

The Terms and Conditions, General Instructions, and Administrative Directions sections of the GBL have since been revised to reflect two more recent legislative changes. One change shows that the regulations governing the GBL are now issued by GSA as a result of the transportation audit function being transferred on October 12, 1975. (See ch. 5.) The other revision indicates that American-flag carriers must be used for certain U.S. Government financed carriage as prescribed by the Merchant Marine Act of 1936 (46 U.S.C. 1241), and the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1517).

SHORT FORM GOVERNMENT BILL OF LADING

The short form GBL (first used in 1966) had nine separate limitations on its use and was not adaptable to machine printing, which is a growing practice in the issuance of the standard GBL. Therefore, the short form GBL was discontinued as recommended by JATS.

In addition, subsequent to the passage of Public Law 92-550, we authorized that payment for small domestic shipments up to \$100 may be made in cash at origin or destination on commercial bills of lading. Also, many of the advantages of the short form GBL are available in the revised standard GBL which uses a carrier's certificate of delivery.

LOSS AND DAMAGE

Loss and damage is now and has been in the past a serious problem for both shippers and carriers. JATS found that the Government's loss and damage practices and procedures required revision to establish greater uniformity and to bring them more in line with the practices of industry and the Government's enunciated policies.

Therefore, JATS recommended that:

- Government agencies treat claims for loss and damage on domestic shipments as separate actions apart from the carriers' bills for freight charges.
- The Government establish a realistic minimum below which it is uneconomical or impractical to file formal claims against carriers for loss and damage and absorb amounts falling below the established minimum.
- A simplified alternate standard form for reporting loss and damage be designed for those agencies who find that SF 361, Discrepancy in Shipment Report, is too cumbersome for their needs.

These recommendations have been implemented. The revised GBL provides for a certification of delivery by the carrier; therefore, the consignee must report any loss, damage, or shortage via means other than the GBL. This effectively separates the settlement of charges for freight movement from those for loss and damage.

Action was also completed on the establishment of a Government-wide loss and damage minimum as recommended. Studies by GSA and DOD show the cost of processing loss and damage claims to be about \$25. Therefore, in GAO circular letter of August 20, 1975, the heads of departments, agencies, and others concerned were authorized, but not required, to observe a minimum of \$25 in processing loss and damage claims against carriers and forwarders and in absorbing amounts falling below that minimum.

Work on the development of an alternative loss and damage reporting form has been completed and resulted in revision of SF 361, Discrepancy in Shipment Report, and initiation of two new forms--SF 363, Discrepancy in Shipment Confirmation, and SF 364, Report of Item Discrepancy.

PAYMENT IN CASH FOR DOMESTIC FREIGHT CHARGES

There is great potential in the military and civilian agencies for paying cash for freight charges on small domestic shipments. Over 50 percent of such shipments made by these agencies each year cost under \$25. Therefore, JATS recommended that Government agencies be authorized to pay from imprest funds for domestic freight charges not exceeding \$25 on CBLs under the following conditions:

- That this procedure be optional on the part of the agency and the carrier.
- That payment be made either at origin or at destination.
- That appropriate records be maintained to permit audit.

This recommendation was implemented by GAO circular letter of May 6, 1971, except for payment at origin. Public Law 92-550 exempted transportation payments from the prohibition against payment prior to Government confirmation of delivery, and on January 7, 1974, we authorized the optional use of cash from imprest funds for payment at origin for small shipments on CBLs.

Also, due to the savings available by using CBLs instead of GBLs, and in the absence of any objections, by circular letter of August 14, 1975, we raised the freight charge limitation to \$100. A discussion of the relative costs of CBLs and GBLs is included in the next section.

SMALL DOMESTIC SURFACE SHIPMENTS

The documentation requirements for small shipments has been a problem for the Government and carriers for many years. Several carriers who had normally handled small shipments refused Government shipments on GBLs because of the high cost they incurred in processing such documents.

To simplify documentation requirements and eliminate the need for GBLs to be sent to us (now GSA) for audit, JATS recommended that:

--Government agencies review their small domestic surface shipments, including parcel post, to determine areas where it is more efficient and economical to use commercial forms and procedures.

--The authority delegated to heads of departments and agencies to use commercial procedures and documents for domestic shipments on which freight charges do not exceed \$25 (later increased to \$100) be modified to permit heads of departments and agencies to re-delegate this authority.

The second of the above recommendations was implemented by GAO circular letter of May 6, 1971.

Implementation of the recommendations concerning optional cash payments for small shipments on CBLs has enhanced the use of small parcel carriers. The potential savings to the Government by using CBLs instead of GBLs is considerable. A study made jointly by GSA and us on raising the monetary limitation to \$100 showed that 67 percent of the approximately 4 million GBLs received for audit during fiscal year 1974 were under \$100. GSA later estimated that using GBLs costs over \$7 each more than CBLs. We are unable to project the savings, however, because CBLs are paid locally and are not forwarded for centralized audit, as are GBLs, and we can not ascertain the number of Government shipments being made on CBLs.

We have reviewed DOD's progress in adopting the use of commercial shipping practices for its small shipments. A report on our findings was issued to DOD in April 1978. The civil agencies have made much greater progress in this area.

CHAPTER 4

JATS RECOMMENDATIONS FOR IMPROVING PASSENGER TRANSPORTATION PRACTICES

Nine of the JATS recommendations were directed at improving the procedures and forms used to procure passenger transportation services. One recommendation covered 18 needed changes in the GTR form; four concerned expanded use of cash for passenger transportation; two recommended that the Government not establish a Federal credit card plan or participate in carrier credit card plans; and two others concerned forms and procedures for shipment of excess baggage.

GOVERNMENT TRANSPORTATION REQUEST

Major changes have taken place in the Government's use of the several modes of passenger transportation since the last change in the GTR in 1955. With the preponderance of GTR transactions now taking place between the Government and the airline industry, many of the rail-oriented references on GTRs were infrequently used and many other features had become progressively less useful over the years. JATS identified 18 needed changes in the form and recommended that GTRs be revised accordingly.

The revised GTR was authorized for use in January 1974. However, production delays caused by paper shortages delayed distribution for several months and, for purposes of conservation, agencies were allowed to use existing forms until January 1, 1975.

The instructions on the reverse side of the GTR were recently revised to reflect that travelers must use American-flag carriers as prescribed by the Merchant Marine Act of 1936 (46 U.S.C. 1241), and the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1517).

EXPANDED USE OF CASH FOR DOMESTIC PASSENGER TRANSPORTATION

The increase in the cost of passenger transportation services has neutralized the usefulness of the Government's authority, available since 1957, to pay up to \$15 in cash for passenger transportation. One survey showed that more than 65 percent of GTRs written for domestic passenger trips were for amounts less than \$100. JATS recommended that:

- The optional authority to pay in cash for passenger transportation services up to \$15 be raised to \$100.
- The traveler assign to the Government his rights to collect for any unused tickets or excess payments.
- The traveler attach the passenger coupon or other appropriate evidence to his travel voucher when cash is advanced for use of common carrier transportation.
- GTRs not be issued for transportation services costing less than \$10 except in special circumstances.

These recommendations were implemented by us in a July 24, 1972, circular letter to the heads of departments, independent establishments, and others concerned. Cash purchases of passenger transportation services will simplify procurement practices and procedures and will minimize the need for GTRs without eliminating them as procurement documents. Also, cash purchases will reduce billing problems, handling of transportation requests, and preparation of bills by carriers.

CREDIT CARDS FOR PASSENGER TRANSPORTATION

JATS concluded that the establishment of a Federal credit card system could provide more problems than benefits. For instance, a Federal credit card would (1) subject the Government, and possible credit card holders, to potential liability in event of loss or theft, (2) require the maintenance and wide dissemination of a list of lost or stolen credit cards, and (3) be similar to GTRs which are credit documents.

Therefore JATS recommended that:

- The Government not establish a Federal credit card plan for procuring passenger transportation services.

JATS also explored the merits of participating in carrier credit card plans but observed a number of obstacles, such as (1) the absence of reciprocity between common carrier modes in honoring each other's credit cards and (2) the requirement for a Government traveler to carry separate credit cards for airlines, railroads, car rentals, and telephone service, in addition to a book of GTRs for complete flexibility. Therefore, JATS recommended that:

- The Government not participate in carrier credit card plans for the procurement of passenger transportation services.

GOVERNMENT EXCESS BAGGAGE AUTHORIZATION

The Government Excess Baggage Authorization (GEBA) is used by an airline to bill the Government for excess baggage beyond the free weight or number of pieces allowed by the air industry. Because of the considerable expense of the GEBA system to the airlines, they asked us to consider adopting a standard Government procurement form to replace the airlines' GEBA form. JATS concluded that adoption of a GEBA form by the Government would create an additional workload and added costs for Government agencies. However, it also concluded that the number of GEBAs on domestic travel would be significantly reduced, if not eliminated, if travelers were required to pay cash for excess baggage charges. JATS recommended that:

- A standard Government procurement form for excess baggage services not be adopted.
- All Government travelers be required to pay cash for excess baggage charges for domestic travel for amounts up to \$15 for each leg of a trip.

We implemented the latter recommendation on July 24, 1972, by a circular letter to the heads of departments, independent establishments, and others concerned. The requirement for travelers to pay cash for excess baggage charges up to \$15 has since been expanded to international travel.

Subsequent to the release of JATS, the airline industry, with our concurrence, tested and began using a new form, the Government Excess Baggage Authorization/Ticket (GEBAT), which proved to be a great improvement over the former GEBA system. The GEBAT system will continue to be used for international travel and some domestic travel; however, its use is more costly to carriers and the Government than the use of cash. GEBATs must be vouchered and billed by each carrier and paid by standard Government disbursing procedures.

Although we have not measured the effect of paying cash for excess baggage services, we believe it has greatly simplified the transaction and has resulted in savings for the Government and air carriers.

CHAPTER 5

JATS RECOMMENDATIONS FOR IMPROVING THE

AUDIT AND SETTLEMENT OF TRANSPORTATION ACCOUNTS

Three of the JATS recommendations concerned improvements needed in the audit of rates and fares billed by commercial carriers for freight and passenger transportation services.

Since 1921 the audit of the Government's transportation bills had been centralized with us. From time to time studies had been made of the feasibility and economy of DOD auditing transportation bills for military shipments and of GSA doing it for civilian shipments. Every study indicated that the audit should be centrally done by us. JATS recommended that:

- The central audit and settlement role be continued by us.
- Continued emphasis be placed upon systems development to attain maximum audit coverage through computers and other techniques and minimum reviews of individual transactions.
- We continue to study transportation developmental efforts in industry and Government, monitor the effects of these efforts on our postaudit role, and assist agencies to undertake the audit effort wherever this is efficient and economical.

More recently, after further study, we recommended to the Congress, and a bill was introduced, which provided that the centralized rate audit function be transferred to an executive agency or agencies as designated by the Office of Management and Budget. The bill was later amended to provide that GSA or its designee would do the audit. The General Accounting Office Act of 1974 was approved January 2, 1975, and on October 12, 1975, GSA became responsible for auditing transportation payments (Public Law 93-604). Along with this responsibility, the personnel who were involved in our audit were also transferred to GSA. Thus far the audit continues to be performed by substantially the same personnel using the same processes and procedures.

Computerization of the audit of transportation payments was an objective of ours for many years, and much work was done designing and developing a system using storage and retrieval of rates and fares. Another method was developed

in which the military finance centers prepared computer tapes of shipment and payment data extracted from shipping documents after payment. This information is then given to rate auditors in consolidated printout form instead of the present method of auditing individual shipping documents. Our task force report issued prior to the audit transfer in 975 stated:

"* * * experiments using printouts as a tool for the rate audit should be continued by GSA * * *."

We plan to follow GSA's progress in developing this system.

CHAPTER 6

JATS RECOMMENDATIONS DIRECTED AT

GENERAL PROCEDURAL IMPROVEMENTS

Eleven of the JATS recommendations concerned general improvements in forms and procedures for conducting the Government's transportation business. Five recommendations involved the payment practices of civil agencies, three concerned several miscellaneous forms and procedures, and three others involved changes in the voucher form specified for carrier billing of transportation charges.

CIVILIAN AGENCY PAYMENT PRACTICES

JATS found that carriers' allegations that Government agencies take an unreasonable length of time to process transportation bills were valid. Many civilian agencies can expedite payments to carriers and reduce document handling by eliminating a variety of questionable practices. To improve these practices JATS recommended that civilian agencies:

- Age their accounts payable monthly and concentrate on paying vouchers that are more than 30 days old.
- Discontinue the practice of returning vouchers to carriers where GBLs and GTRs lack complete or correct appropriation or accounting data.
- Schedule payment covering the net amount of vouchers after deleting those GBLs and GTRs that are misaddressed or incorrect.
- Schedule payment of vouchers containing GBLs and GTRs which are correct, even though there was no prior obligation.
- Perform only an administrative audit and refrain from making a prepayment rate audit.

The 22 agencies replying to the Office of Management and Budget's request for comments on JATS almost totally agreed with these recommendations. We recently asked the Government liaison representatives of carrier associations if carriers were experiencing problems in obtaining payment from the Government for transportation services. They reported that carriers still have some problems with Government bills but that most involve smaller agencies and show no definite

pattern as to cause. GSA's transportation audit group reports that it still receives inquiries and appeals for assistance on problem bills but that the number has decreased.

REDEMPTION OF UNUSED TICKETS

Requests for refunds for unused tickets are forwarded to carriers by means of SF 1170, Redemption of Unused Tickets. JATS reviewed the procedure to determine whether it would be desirable to have the form 1170 cover unused tickets for more than one GTR and whether agencies were using it to obtain refunds for unused tickets, as opposed to making offsets against the carrier billings. Their findings were negative and JATS recommended that:

--No changes were necessary in the procedures or form of SF 1170.

REPORT OF CHANGE IN PASSENGER TRANSPORTATION SERVICE

SF 1173, Report of Change in Passenger Transportation Service, was prescribed by us for use by the traveler in submitting any changes in transportation services furnished from that requested. No civilian agencies were using the form. Although military officials could see no necessity for the form, some military installations were using it. JATS recommended that Form 1173 be eliminated. GSA will continue issuing the form until existing stocks are exhausted. Reference to this form was deleted from regulations on procurement of passenger travel.

REVISION OF GTR TO SERVE AS A PROCUREMENT DOCUMENT AND A TICKET

The airlines originated the concept of having GTRs serve as procurement documents and tickets, but to date they have done nothing to formalize their proposal. Therefore, JATS recommended that:

--The Government take no further action on a combination GTR and ticket.

Most carriers and agencies were opposed to having the GTR serve as both a procurement document and a ticket because they did not consider it feasible or practical. The major objection would be the multiplicity of coupons on multileg or interline traffic.

GOVERNMENT VOUCHER FORMS

The administrative certificate on Government voucher forms (SF 1113 and SF 1171) was seldom filled out because the certification to the disbursing office is made on SF 1166, Voucher and Schedule of Payments. Voucher tear-off slips identify the carriers' bills being paid. When the agency fails to have the Treasury Department return these slips with the checks, the carriers have difficulty identifying what the payments cover. Some carriers complained about having to sign each voucher and suggested eliminating the payee's certification. Apparently they were not aware that a facsimile signature could be used. In these areas JATS recommended that:

- The administrative certificates on SF 1113, Public Voucher for Transportation Charges, and on SF 1171, Public Voucher for Transportation of Passengers, be eliminated.
- Agencies establish controls to insure the return of voucher tear-off slips to carriers in accordance with existing requirements.
- All carriers be reminded of the provisions of title 5, section 2060.60, of the GAO Manual, which permits the use of a facsimile signature of the carrier certifying officer rather than an original signature. (This provision now appears in GSA's Federal Property Management Regulation 41 CFR 101.)

Recently the voucher forms used by carriers for billing Government freight and passenger transportation charges were revised. In addition to eliminating the administrative certificate, the two forms were combined and the format changed to allow more space for carriers' use and insertion of administrative payment data. The former problem with use of carriers' tear-off slips has not surfaced recently except in connection with agencies which have initiated automated payment systems. In these systems there is no provision for a matchup of the tear-off slip with the check, and the automated system has to prepare an extra data card to be sent to the carrier in lieu of the tear-off slip.

The changes made in the voucher form satisfy the JATS recommendation and effect a further savings by eliminating one form and improving the combined form.

CHAPTER 7

JATS RECOMMENDATIONS ON INFORMATION AND EDUCATION ON IMPLEMENTATION ACTIONS

JATS recommended that information on its implementation actions be disseminated and employees be trained to use the new forms and procedures.

JATS contained numerous recommendations for improvements in conducting the Government's transportation business. Effective implementation of many of the recommendations was dependent upon employees at the operating level who prepare and process documents, such as GBLs and GTRs. Therefore, JATS also recommended that:

- The traffic management organizations of DOD and GSA keep abreast of applicable implementation actions and prepare and issue necessary handbooks and guides and conduct necessary training.

The Government's traffic management agencies (Military Traffic Management Command and GSA) were instrumental in implementing this recommendation. Handbooks were issued while manuals and regulations were being redrafted and approved, and additional seminars were scheduled for civilian and military government personnel, as well as commercial carriers' representatives. The interest of various personnel in these changes was demonstrated by attendance at GSA seminars before and during the period when most changes were being made. During fiscal year 1973, GSA scheduled 277 seminar-workshops and recorded attendance of 3,743 persons. During fiscal year 1974 (the revised GBL was issued Apr. 1, 1974) 476 seminar-workshops were held and the attendance rose to almost 18,000 persons. The number of seminars decreased during fiscal years 1975 and 1976, but the numbers of attendees at each has remained much higher than prior to the change period. We assisted as panelists at several seminars due to our former role as approving authority for most of the revised forms and procedures. As mentioned earlier, our responsibilities for these authorities and auditing Government transportation payments were transferred to GSA on October 12, 1975. The implementing regulation for most of the procedures established as a result of this work was published by GSA as a permanent part of the Federal Property

Management Regulation on July 1, 1977 (41 CFR 101). The procedures have remained basically unchanged since implementation, as outlined in this report.

JATS RECOMMENDATIONSCivilian Agency Bill-To Locations

1. That civilian agencies eliminate bill-to locations which are not also certifying locations.
2. That each applicable bureau or equivalent explore the advisability of establishing a single domestic bill-to and certifying location.
3. That increased emphasis be placed upon entering the correct bill-to address on transportation documents.
4. That a central point be designated in each civilian department and agency to handle all improperly addressed transportation bills identified with that department or agency.

Central Payment Plan

5. That a civilian transportation central payment facility not be established.
6. That, should the General Services Administration require additional traffic management data, arrangements be made to obtain such data from other available sources.

Automatic Payment of Freight Charges

7. That the General Services Administration systems concept of automatically paying freight charges on Federal Supply Service intraregional outbound shipments covered by freight-all-kinds (FAK) rates be vigorously pursued.

Automatic Payment of Airline Ticket Charges

8. That a six-month pilot test of a proposed plan for automatic payment of airline ticket charges procured by teleticketing facilities be undertaken, using detailed procedures concurred in by the General Accounting Office, General Services Administration, and the Air Transport Association.
9. That, if the automatic payment plan is adopted, the General Services Administration arrange to assist other agencies desiring to participate.
10. That, if the automatic payment plan is adopted, the General Services Administration arrange to have the plan, with suitable modification, installed where agency travel service units deal directly with combined airline ticket offices.

Modified Bank Payment Concept

11. That a cost/benefit study be undertaken to determine the advisability of adopting a modified bank payment plan for the Government.

Standard Government Bills of Lading

12. That the Consignee's Certificate of Delivery be eliminated from the GBL and a carrier's certificate of delivery be substituted therefor.
13. That appropriate legislation be enacted to exempt transportation payments from the scope of the statute prohibiting advance payment (31 U.S.C. 529).
14. That the original of the U.S. Government Bill of Lading (Standard Form 1103) and the U.S. Government Transit Bill of Lading (Standard Form 1131) be given to the carrier in all instances upon tender of shipment.
15. That the carrier, upon loss of the original GBL, be required to substitute the freight waybill (Standard Form 1105) as his billing document after appropriate certifications have been made thereon.
16. That opaque bond paper be used for Standard Form 1105, Freight Waybill and continuation sheets.
17. That the Certificate in Lieu of Lost U.S. Government Bill of Lading (Standard Form 1108) be eliminated.
18. That temporary Receipt in Lieu of U.S. Government Bill of Lading (Standard Form 1107) be eliminated.
19. That the Report of Loss, Damage, or Shrinkage now appearing on the reverse of the originals of the standard GBL (Standard Form 1103) and the transit GBL (Standard Form 1131) be eliminated.
20. That the waybill carrier's copy in the standard GBL set (Standard Form 1106) and in the transit GBL set (Standard Form 1134) and related continuation sheets be eliminated.
21. That the "Destination" block on the standard and transit Government bill of lading sets be revised to include the street address, city, State or country, and zip code.

22. That the "Charges To Be Billed To" block on the standard and transit Government bill of lading sets be revised to provide specific lines for entering department or agency; bureau or office; and street address, city, State, or country, and zip code.
23. That the current "Certificate of Issuing Officer" block on the standard and transit Government bills of lading sets be eliminated, and the block be revised to provide for inclusion of more specific issuing office information.
24. That the GBL number on the standard and transit GBL sets be repeated in another section of the form.
25. That the terms and conditions governing the use of the standard and transit GBLs be incorporated by reference on the reverse of the original GBL and the shipping order.
26. That the consignee's memorandum copy of the standard and transit GBL contain instructions on the reverse covering the action to be taken upon receipt of the shipment, including loss and damage.
27. That, of the memorandum copies of the standard and transit GBLs, one copy be designated "Fiscal Copy" and one be designated "Issuing Office Copy."

Short Form Government Bill of Lading

28. That the short form U.S. Government bill of lading set and the Certified True Copy be eliminated.

Loss and Damage

29. That Government agencies treat claims for loss and damage on domestic shipments as separate actions apart from the carrier's bills for freight charges.
30. That the Government establish a realistic minimum below which it is uneconomical or impractical to file formal claims against carriers for loss and damage and absorb amounts falling below the established minimum.
31. That a simplified alternate standard form for reporting loss and damage be designed for those agencies who find that Standard Form 361, Discrepancy in Shipment Report, is too cumbersome for their needs.

Payment in Cash for Domestic Freight Charges

32. That Government agencies be authorized to pay from imprest funds for domestic freight charges not exceeding \$25 on commercial bills of lading under the following conditions:
 - a. That this procedure be optional on the part of the agency and agreed to by the carrier;
 - b. That payment be made either at origin or at destination; and
 - c. That appropriate records of such transactions be maintained to permit a General Accounting Office Audit.

Small Domestic Surface Shipments

33. That, to simplify documentation requirements and also eliminate the need for such transactions to be sent to the General Accounting Office for audit, Government agencies review their domestic small surface shipments, including parcel post, to determine areas where it is more efficient and economical to use commercial forms and procedures.
34. That the authority delegated to heads of departments and agencies to use commercial procedures and documents for domestic shipments on which freight charges do not exceed \$25 be modified to permit heads of departments and agencies to redelegate this authority.

Government Transportation Request

35. That the Government Transportation Request be revised.

Expanded Use of Cash for Domestic Passenger Transportation

36. That the existing permissive authorization to pay in cash for passenger transportation services costing up to \$15, plus Federal tax, be increased to \$100 per trip for transportation within the 50 States and the District of Columbia.
37. That the traveler, when submitting his voucher for reimbursement for passenger transportation purchased by cash payment, assign to the Government his rights to collection action for any excess payments (for which he would otherwise be liable) due to the use by carriers of improper transportation rates or classifications.

38. That the traveler attach the passenger coupon or other appropriate evidence to his travel reimbursement voucher when cash is advanced for the use of common carrier transportation.
39. That the issuance of a GTR for transportation services costing less than \$10 be discontinued, except where special circumstances indicate its need.

Credit Cards for Passenger Transportation

40. That the U.S. Government not establish a Federal credit card plan for procuring passenger transportation services.
41. That the U.S. Government not participate in carrier credit card plans for the procurement of passenger transportation services.

Government Excess Baggage Authorization

42. That a standard Government procurement form for excess baggage services in lieu of the industry form "Government Excess Baggage Authorization" (GEBA) not be adopted.
43. That all Government travelers be required to pay cash for excess baggage charges for domestic travel for amounts up to \$15 for each leg of a trip.

Audit and Settlement

44. That the central GAO audit and settlement role be continued.
45. That continued emphasis be placed upon systems development with the objectives of attaining maximum audit coverage through computer and other techniques and minimum manual reviews of individual transactions.
46. That GAO continue to concern itself with transportation audit development efforts in industry and Government, monitor the effects of these efforts on its postaudit role, and assist agencies to undertake the audit effort wherever this is efficient and economical.

Civilian Agency Payment Practices

47. That civilian agencies age their accounts payable monthly and concentrate on paying vouchers that are more than 30 calendar days old.
48. That civilian agencies discontinue the practice of returning vouchers to carriers where the GBLs and GTRs lack complete or correct appropriation or accounting data.

49. That civilian agencies schedule payment covering the net amount of vouchers after deleting those GBLs and GTRs that are misaddressed or incorrect.
50. That civilian agencies schedule payment of vouchers containing GBLs or GTRs which are correct even though there was no prior obligation.
51. That civilian agencies perform only an administrative audit and refrain from performing a prepayment rate audit.

Standard Form 1170, Redemption of Unused Tickets

52. That no changes are necessary in the procedures or form of Standard Form 1170, Redemption of Unused Tickets.

Standard Form 1173, Report of Change in Passenger Transportation Service

53. That Standard Form 1173, Report of Change in Passenger Transportation Service, be eliminated.

Revision of Government Transportation Request to Serve as a Procurement Document and a Ticket

54. That no further action be taken by the Government on a combination Government Transportation Request and ticket.

Government Voucher Forms

55. That the administrative certificate on Standard Form 1113, Public Voucher for Transportation Charges, and on Standard Form 1171, Public Voucher for Transportation of Passengers, be eliminated.
56. That agencies establish controls to ensure the return of voucher tear-off slips to carriers in accordance with existing requirements.
57. That all carriers be reminded of the provisions of Title 5, section 2060.60 of the General Accounting Office Manual, which permits the use of a facsimile signature of the carrier certifying officer rather than signing each voucher.

Information and Education

58. That the traffic management organization of the General Services Administration for civilian agencies, and the Department of Defense for military agencies:
 - a. Keep abreast of applicable implementation actions; and
 - b. Prepare and issue necessary handbooks and guides, and conduct necessary training.

AGENCIES RESPONSIBLE FOR
IMPLEMENTING JATS RECOMMENDATIONS

<u>RECOMMENDATION NUMBER</u>	<u>IMPLEMENTING AGENCY</u>
1, 2	All applicable civilian departments and agencies
3,4	All civilian departments and agencies
5	- - - - -
6	General Services Administration
7	General Services Administration in cooperation with the General Accounting Office
8	Department of Transportation and General Services Administration in cooperation with the General Accounting Office and the Air Transport Association
9, 10	General Services Administration
11	Joint Financial Management Improvement Program
12 through 27	General Accounting Office
28	General Accounting Office
29	All military and civilian departments and agencies
30, 31	General Accounting Office in cooperation with General Services Administration and Department of Defense
32	General Accounting Office
33	All military and civilian departments and agencies
34	General Accounting Office
35	General Accounting Office
36	General Accounting Office
37, 38	General Accounting Office
39	General Accounting Office
40, 41	- - - - -
42	- - - - -
43	General Accounting Office
44	- - - - -
45, 46	General Accounting Office
47 through 51	All applicable civilian departments and agencies. The General Accounting Office should include a check of civilian agency practices as a part of its agency audit program.
52	- - - - -
53	General Accounting Office
54	- - - - -
55	General Accounting Office

<u>RECOMMENDATION NUMBER</u>	<u>IMPLEMENTING AGENCY</u>
56	All applicable military and civilian departments and agencies
57	General Accounting Office
58	General Services Administration and Department of Defense