

FRAUD, WASTE AND MISMANAGEMENT

1. Background. Travel is an important part of managing Federal programs. The Federal Government spent about \$4.8 billion on FY 1983 travel by its employees. In HUD, the FY 1983 travel budget is \$13.2 million. This money is used to help carry out HUD's mission, including monitoring the expenditure of grant funds, inspecting new and rehabilitated properties, auditing program participants and doing field reviews of program activities. Although HUD has reduced its travel budget approximately \$4 million in the last two years, it is still imperative that the Department practice good travel management by assuring that the funds allocated for travel be used in the most effective ways.

2. Responsibilities. Travel management controls and guidelines indicated in paragraphs 1-1.10 and 1-1.11 must be considered by Department managers and employees to avoid or minimize travel costs.

3. Accountability for Approving Travel.

a. HUD officials and employees must be aware of cost-effective approaches and alternatives to travel. However, the fundamental decision affecting travel expenditures is the decision to travel. The first step in controlling travel and the resulting costs is to make managers and authorizing officials critically examine and fully justify proposed travel. Authorizing officials should closely monitor the necessity for travel prior to authorizing or approving it. Improprieties can be avoided if good travel management is practiced from the outset, adequate travel controls are in force and high standards of personal integrity are maintained by the staff.

b. Abuse: Travel abuse occurs when officials and employees either intentionally or inadvertently allow personal considerations to enter into the decision to travel or not-to-travel. Examples of mismanagement and travel abuse include arranging meetings or conferences so as to visit interesting sites, friends, or relatives in another area. Usually, these trips are scheduled around the weekend; then "Departmental business" is created to justify the trip. Abuse and mismanagement also occur when less costly alternatives to travel are not used. For instance, some of the more common alternatives to travel include telephoning and teleconferencing. It may be possible to create or use new data sources, so that information previously available only by traveling to the source could be obtained in other ways, such as through computer terminals. Cassettes and videotapes can be used for some presentations, speeches, and training.

4. Selecting proper method of transportation.

a. The general rule of thumb is that the transportation chosen should result in the greatest advantage to the Government. This involves the total cost of a trip including per diem, lost work time, overtime and the actual transportation costs. Travel by common carrier, such as scheduled airlines, trains, or busses, usually results in the most efficient use of resources and in the least costly method of travel.

b. Abuse: Abuse occurs when, for reasons of personal preference or desire to avoid minor inconveniences, the traveler elects not to use the common carrier most advantageous to the Government. Excessive costs are incurred when, for example, travelers obtain regular-fare airline tickets between cities served by airlines under Federal city-pair contracts. Fares charged may be several hundred dollars more than the contract rate, leaving the excessive cost to be borne by the traveler or the Government.

5. Limitation on use of taxicabs.

a. A taxicab is not a common carrier and should be used for local transportation only when it is advantageous to the Government or when other suitable public, Government-contracted, Government-owned, or rental transportation are not practical. In general, when going to or coming from a common carrier terminal, the same rule applies.

b. Abuse: Travel abuse occurs when travelers take cabs to local airports when it would be cheaper to use the airport limousine or the subway. Although taxicabs may be used when properly justified, some personnel fraudulently or imprudently charge the Government for cab fares when cheaper means of transportation were or could have been used. Of course, travelers should use courtesy transportation (such as a hotel vehicle) if it is available.

6. Limitations on use of Government furnished vehicles (GFV).

a. GFV's (e.g., GSA or Government-leased cars) are used only when it has been determined that a common carrier would not be advantageous to the Government. Government vehicles are to be used only for official purposes.

b. Abuse: Employees have been disciplined for using Government vehicles for their personal business. Official purposes do not generally include transportation between place of residence and place of employment unless this is specifically authorized in writing; nor does it include transportation for purposes of entertainment. Misuse and fraud also occur when the traveler makes false charges to the Government for purported repairs and purchases (e.g., tires) for the vehicle. This may entail misuse of credit card privileges.

7. Justification for use of privately-owned vehicles (POV).

a. A POV (such as a car) may be use if it is advantageous to the Government and common carrier transportation or Government-furnished vehicle transportation is not available or is not advantageous to the Government. Travelers needing to use a POV should obtain written approval in advance.

b. Abuse: Travelers have fraudulently inflated the number of miles driven on official business. They have also charged for mileage when, in fact, they paid for transportation by less costly common carrier. Another area of abuse is when a traveler obtains maximum mileage reimbursement for a POV when a Government vehicle was considered advantageous to the Government and was available but not used.

8. Restrictions on rental of commercial vehicles.

a. Commercially-rented conveyances (such as rental cars) should only be used when it has been determined that use of a common carrier, Government-furnished vehicle, or privately-owned vehicle would not be more advantageous to the Government. However, an employee who travels by a common carrier (such as an airline) to a temporary duty location and is authorized to obtain a vehicle may use a GSA contract rental vehicle as the first source of supply instead of a GSA motorpool vehicle. There are two types of vehicle rentals.

(1) Contract Rental Vehicles. These are vehicles supplied by commercial firms under contract with GSA. They are listed in the Federal Supply Schedule, Industrial Group 751, Motor Vehicle Rental Without Driver, and in the Federal Travel Director.

(2) Open Market Rentals. These are vehicles supplied by commercial rental firms not under contract with the Government. These should not be used when a particular location is serviced by the GSA Interagency Motor Pool or by a Federal Supply Schedule contract unless vehicles are not available from either of these two sources.

b. Abuse: Mismanagement may occur when private open market rentals are used in place of vehicles available from firms under contract with GSA. Waste is experienced when available rental discounts are not obtained and most advantageous rental terms are not negotiated. Furthermore, misuse occurs when reasonable hours of use and expeditious return of vehicle are not observed, thereby incurring unnecessary additional charges. Travel abuse occurs when travelers rent large luxury model cars when smaller economy cars are available and would suffice. Abuse also occurs when the rental vehicle is used for personal business.

9. Restraint on incurring expenses.

a. Per diem.

(1) Travelers should be familiar with per diem allowances and the method of computation. They should exercise the same care and restraint in incurring official expenses as they would if traveling on personal business. Approving officials should consider all factors than can reduce travel expenses.

(2) Abuse: Abuse occurs when meals are included in seminar costs, but participants fail to reduce their per diem accordingly. Abuse also occurs when a traveler charges full per diem, but public lodging was neither obtained nor paid for; instead, the traveler chooses to stay at a friend's residence or commutes home daily.

b. Actual subsistence expense.

(1) Travelers may be reimbursed for the actual and necessary expenses they incurred while on travel. This method is limited to travel to designated high rate geographical areas or to travel assignments involving unusual circumstances. The Comptroller General has stated that travel expenses are allowable to the extent they are reasonable and necessary. Therefore, a traveler must keep detailed records and receipts for expenditures when traveling on the actual subsistence basis.

(2) Abuse: Fraud is perpetrated when false or erroneous receipts are submitted for hotels and meals or when the actual costs of meals are inflated.

10. Travel order documentation.

a. Travel must be approved in writing prior to incurring any travel expenses. The traveler and the authorizing official should ensure that the [HUD 25](#) specifies the purpose and means of travel and includes such factors as mode of transportation, rate of reimbursement (for use of POV), and the applicable per diem or actual subsistence rate.

b. Abuse: The use of travel orders is important if abuse is to be avoided. Without travel orders, travelers might use more expensive means of transportation than necessary or even travel without consent. Travel controls are diminished when authorizing officials omit documentation stating, in advance of the trip, the exact reason for the travel.

11. Proper use of travel advances.

a. A travel advance is money paid to a traveler prior to incurring travel expenses. There are two types of travel advances:

(1) Single trip. This is for a single trip and should be liquidated promptly after completion of the trip.

(2) Revolving. This is for continuous or recurring travel, such as for an employee who is performing temporary duty travel on a recurring basis. Revolving advances must be validated annually.

b. Abuse: Government waste results when, for example, an employee obtains a travel advance but incurs no travel expenses for an extended period of time. An employee may go on one or even a few trips during the year and inappropriately use a revolving advance. Consequently, the employee has the year-round use of funds which should have been returned for use by the U.S. Government.

12. Proper submission of travel vouchers.

a. Claims for reimbursement of travel expenses are made on the SF 1012, Travel Voucher. The purpose of the trip and the travel accounting classification/subobject class(es) should be included. Approving officials should examine each of these closely, as improperly or falsely filled out vouchers are a significant source of waste and abuse in the travel field.

b. Abuse: Fraud occurs when employees overstate the days and quarters of per diem to which they are entitled or otherwise falsify the travel voucher.

13. Controls on Government Transportation Requests (GTRs).

a. All passenger transportation services by common carrier may be produced through the use of the SF 1169 (GTR). At Headquarters and many field offices, travel arrangements are not made by using GTRs but are made through the Scheduled Airlines Traffic Office (SATO) or travel agencies under contract with the General Services Administration. The tickets are paid for by the Department by a blanket GTR which consolidates purchases of tickets. This means most employees do not need to use a GTR to obtain their tickets. However, there are certain situations when it is necessary to use GTRs, such as for employees on short-notice travel or for invitational travelers. Sometimes, these travelers buy their own tickets, and only later find out that GTRs should have been used for transportation costing more than \$100. Failing to adhere to the travel regulations and to obtain the most advantageous travel could result in the traveler bearing any excess expenditure charged to the Government.

b. Abuse: GTRs are at time lost or stolen and improperly converted into cash. Since GTRs are the equivalent of cash, they should be safeguarded accordingly. GTRs which are lost or stolen should, of course, be promptly reported to the office that issued the GTR. Failure to comply may result in traveler liability.

14. Handling of promotional material.

a. All rebates/material of value received by personnel (including invitational travelers) while on official travel become the property of the U.S. Government.

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b. Abuse: Examples of material and financial rewards which have been improperly or fraudulently retained by the traveler include:

- (1) Free and reduced fare coupons, including various discount and two-for-one tickets.
- (2) Refund applications or coupons with a cash surrender value.
- (3) Hotel or motel guest checks good for cash or reduced rates on future accommodations.
- (4) Direct cash payments or vouchers issued by carriers due to delayed boarding or cancelled reservations.
- (5) Gifts or points awarded by a carrier which are good for additional travel or services.
- (6) Trading stamps, game cards, and drawing cards which provide actual or potential prizes. Recently, it was discovered that certain Government travelers were using "mileage credits" accumulated on official travel to qualify for and take free personal trips. They were subsequently made to pay for these trips. Any form of rebate/free offerings should be turned in according to Department procedures.

15. Other travel abuses.

a. Sometimes very basic and sound travel policies and guidelines are ignored or forgotten. Examples of these include:

- (1) Failing to limit the number of trips and the number of individual travelers required to accomplish a given mission.
- (2) Spending more time than necessary at the business site being visited.
- (3) Not traveling to the station or office which is in closest proximity to the traveler and which can provide the needed data. For instance, a Headquarters employee travels to New Orleans to do an on-site inspection when the same information could have been gathered from a much shorter (and less expensive) trip to Baltimore.
- (4) Failing to turn in any unused tickets.
- (5) Not closely controlling and scrutinizing a contractor's travel to ensure its appropriateness.
- (6) Not using to the maximum extent possible the FTS system for

making official long distance telephone calls from either FTS or non-FTS numbers.

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16. Abuse of travel sanctions.

a. The Federal Travel Regulations indicate the sanctions imposed for certain travel abuses, such as holding a traveler liable for excess costs when the traveler uses a mode of transportation not approved as most advantageous to the Government (see FTR 1-2.2.b-1).

b. GSA guidelines recommend that agencies are empowered to impose disciplinary actions for cases of travel abuse in keeping with ordinary personnel practices allowed by OPM. Criminal violations may be referred for prosecution, as appropriate.

c. Where cases of abuse are identified, supervisors are encouraged to discuss the seriousness of the violation with the Office of the Inspector General or the Office of Personnel, as appropriate, prior to imposing any disciplinary action.

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