



**AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S
ACCOUNTING FOR
PERMANENT CHANGE OF STATION TRANSFERS**

U.S. Department of Justice
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EXECUTIVE SUMMARY

The Drug Enforcement Administration (DEA) is the primary federal law enforcement agency charged with enforcing the controlled substances laws and regulations of the United States. The DEA routinely transfers personnel among its domestic and international offices to accomplish its law enforcement mission. This is done through permanent change of station (PCS) transfers, which often involve numerous expenses, including air travel for the transferee and dependents, shipment and storage of household goods, compensation for the sale or purchase of a residence, and temporary housing costs. As of January 23, 2013, the **DEA's fiscal year (FY) 2010 PCS** expenditures amounted to \$35,745,853.¹ On average, each PCS transfer cost the DEA \$45,015; the median cost for transfers that year was \$34,455.

We conducted an audit of the DEA's PCS transfers for FYs 2010, 2011, and 2012 to: (1) **assess the adequacy of the DEA's management of its PCS** transfer activities, and (2) **assess the DEA's controls over resources** expended on PCS transfers, including repayments required by those employees who do not satisfy their continued service agreements.²

We concluded that the DEA established sound practices for the management of transfer activities and appeared to have adequate controls over resources expended on PCS transfers. Of particular note, our testing of PCS-related documents, which included expenditure records that included 582 voucher and invoice packages totaling more than \$2 million, identified only five discrepancies totaling \$1,656; the remaining PCS expenditures were allowable and in accordance with the **General Services Administration's** (GSA) Federal Travel Regulation (FTR).

We also noted that, in addition to appropriately monitoring its primary GSA-approved contractors, the DEA appeared to have taken initiative in its

¹ FY 2010 is the most recent year for which DEA expenditure data is generally complete because transferee PCS-related expenses are still accruing for transfers initiated in FYs 2011 and 2012.

² Our audit did not include an evaluation of **the DEA's justifications for the PCS transfers or their appropriateness, and it did not assess the DEA's use of, or expenses relating to, temporary duty (TDY) assignments.**

management of PCS transfer activities by negotiating reduced rates with contractors, developing an electronic system for transfer activities, and maintaining a library of DEA-specific PCS-related handbooks, resulting in monetary savings for the government.

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AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S ACCOUNTING FOR PERMANENT CHANGE OF STATION TRANSFERS

INTRODUCTION

The Drug Enforcement Administration (DEA) is the primary federal law enforcement agency charged with enforcing the controlled substances laws and regulations of the United States. The DEA operates 223 domestic and 86 international offices and consists of more than 9,500 employees.

The DEA routinely transfers personnel among its domestic and international offices to accomplish its law enforcement mission using permanent change of station (PCS) transfers.³ PCS transfers can involve numerous costs, including travel expenses, family relocation expenses, shipment and storage of household goods, compensation for the sale or purchase of a residence, and temporary and permanent housing costs. Employees who undergo a PCS transfer are required to sign service agreements which, if breached, require the employee to pay back the costs of the PCS transfer.⁴

On average, each PCS transfer in fiscal year (FY) 2010 cost the DEA \$45,015; the median cost for transfers that year was \$34,455. FY 2010 is the most recent year for which DEA expenditure data is generally complete because transferee PCS-related expenses are still accruing for transfers initiated in FYs 2011 and 2012. The number of PCS transferees and the current total costs of these transfers for each fiscal year of our review period are shown in the following exhibit.

³ Other mechanisms federal agencies use to transfer personnel, such as extended temporary duty (TDY) assignments, were not within the scope of our audit.

⁴ Employees who complete an overseas assignment and then violate the service agreement upon their return to the United States are not required to payback certain expenses associated with their return to the United States as noted in the Federal Travel Regulation ch. 302-3.101, Table F.

**EXHIBIT 1. DEA PCS TRANSFEREES AND EXPENDITURES
INITIATED IN FISCAL YEARS 2010 THROUGH 2012
AS OF JANUARY 22, 2013⁵**

FISCAL YEAR	2010	2011	2012
Total PCS Transferees	810	718	674
Total Expenditures	\$35,745,853	\$35,605,232	\$23,557,896

Source: DEA Office of Acquisition and Relocation Management

There are multiple types of PCS transfers and numerous benefit categories. The transfer categories and a selection of benefit categories are described in the following exhibit.

⁵ While transfers are initiated during a specific fiscal year, expenditures and obligations often span multiple fiscal years. For example, the home sale for a PCS transfer initiated in FY 2012 may remain open until FY 2014. As a result, the FY 2010 figure generally represents the total expenditures and will not increase considerably, while the FY 2012 figure reflects a smaller percentage of completed transfers and will increase more significantly.

EXHIBIT 2. DEA PCS TRANSFER TYPES AND BENEFIT CATEGORIES INITIATED IN FISCAL YEARS 2010 THROUGH 2012

TRANSFER TYPES		
TYPE	ACRONYM	DEFINITION
Domestic-to-Domestic	DD	A transfer from one domestic location to another domestic location
Domestic-to-Foreign	DF	A transfer from a domestic location to a foreign location
Foreign-to-Domestic	FD	A transfer from a foreign location to a domestic location
Foreign-to-Foreign	FF	A transfer from one foreign location to another foreign location
BENEFIT CATEGORIES		
BENEFIT CATEGORY	ACRONYM	DEFINITION
House Hunting Trip	HHT	Transferees moved on a domestic-to-domestic basis are allowed to take a 10-day trip to search for a new residence
En Route Travel	ERT	Transferees and dependents are reimbursed for applicable costs when traveling from one station to the next
Miscellaneous Expense Allowance	MEA	Transferees are allowed reimbursement for necessary expenses not covered in other categories
Temporary Quarters	TQ	Reimbursement for food and lodging expenses while staying in a temporary location, such as a hotel, when waiting for permanent residence to be ready
Real Estate	RE	Transferees are allowed various reimbursements when selling or purchasing real estate
Household Goods and Storage In Transit	HHG and SIT	Reimbursement for the transport and storage in transit of household goods
Relocation Income Tax Allowance	RITA	Transferees are reimbursed for the tax burden created by taxable entitlements

Source: OIG Analysis of the Federal Travel Regulation

OIG Audit Approach

Given the high cost of PCS transfers, the variety of employee PCS-related expenses, and the **government's current** stringent fiscal climate, we conducted an audit of the DEA PCS transfer program to assess the program and identify any potential savings. The scope of the audit included PCS transfers for FYs 2010, 2011, and 2012.

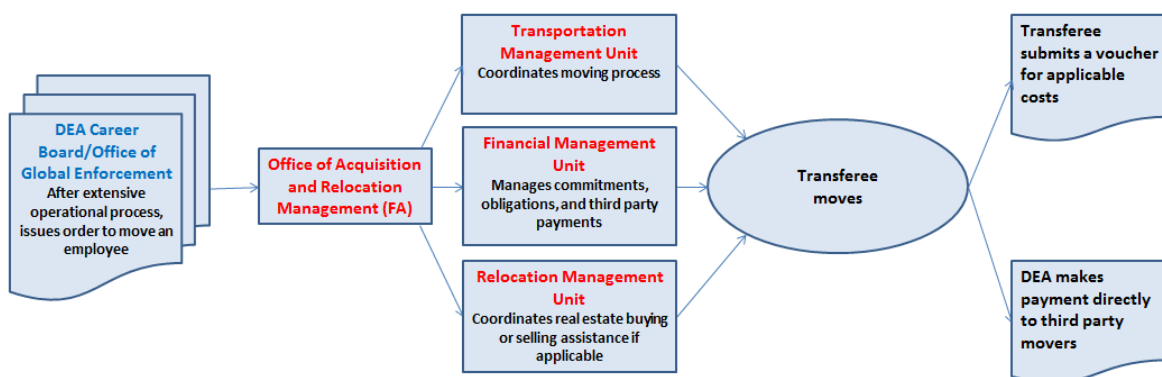
Our audit objectives were to: (1) **assess the adequacy of the DEA’s** management of its PCS transfer activities; and (2) **assess the DEA’s controls** over resources expended on PCS transfers, including repayments required by those employees who do not satisfy their continued service agreements. We reviewed **the DEA’s** PCS transfer process from the point where an employee was selected to undergo a PCS transfer. Our audit did not include analysis of the procedures and practices used by the DEA to determine the frequency, necessity, or appropriateness of employee rotation or promotion and selection decisions that resulted in PCS transfers. Nor did it include an **analysis of the DEA’s** use of, or expenses relating to, temporary duty (TDY) assignments.

Overview of the PCS Process

The **DEA’s** Office of Acquisition and Relocation Management (FA) is the primary office responsible for the PCS transfer process. The **DEA’s** Office of Global Enforcement also participates in transferring DEA employees and their families abroad by providing family liaison services, passport and visa assistance, and required training coordination.

As shown in the following exhibit, PCS transfers are managed by three units within FA: (1) the Transportation Management Unit, (2) the Financial Management Unit, and (3) the Relocation Management Unit.

EXHIBIT 3. DEA PCS PROCESS



Source: OIG depiction of DEA information

- Transportation Management Unit – disseminates PCS information to the transferee, counsels each transferee regarding his or her specific needs, generates PCS orders that detail entitlements and benefits, and uses 10 domestic and 5 foreign contract carriers to transport transferee goods. The Transportation Unit also works with the Financial Management Unit to commit and obligate funds.

- Financial Management Unit - commits, obligates, and de-obligates funds. The staff also processes third party payments to vendors.
- Relocation Management Unit - counsels employees about real estate entitlements and works with one of two real estate relocation contractors to initiate real estate transactions for eligible employees.

PCS Process is Well-Established and its Oversight is Adequate

Our first objective was to **assess the adequacy of the DEA's** management of its PCS transfer activities. We found that the DEA had a well-established process that it followed when guiding employees through the PCS process. We also found that the DEA office responsible for PCS transfers received oversight from multiple entities.

A Well-Established Process

We found that the FA created and adhered to standard operating procedures that govern its PCS process, employed a system of informing and educating transferees about the process, and used electronic systems to manage the process.⁶ FA specialists used tools to standardize employee transfers, such as a standardized file organization and standard transfer initiation e-mails, forms, and checklists. Transferees received standardized PCS information from briefings and counseling provided by FA personnel, and from the DEA intranet. FA also used a relocation database to create and store PCS documents and track PCS transfer activities, and the Financial Management Unit used the DEA accounting system to process PCS expenditures and track PCS funds.

In addition, FA maintained a library of detailed, DEA-specific handbooks for domestic, foreign, and new employee PCS activities that are comprehensive guides for transferees and contain explanations of regulations, requirements, entitlements, and allowances. We compared the DEA PCS handbooks to the applicable Federal Travel Regulation (FTR) and found that the DEA handbooks adequately covered all appropriate FTR guidance.⁷

⁶ The Relocation Tracking System is one of the electronic systems used by FA. FA commissioned the development of the system to automate a variety of transfer functions.

⁷ The General Services Administration issues the FTR to manage the travel and relocation policies for all federal civilian employees and others authorized to travel at government expense. The codified FTR is contained in 41 C.F.R. chs. 300-304 (2013).

Oversight from Multiple Entities

We found that FA received oversight from the DEA Office of Inspections (DEA Inspections), and that certain PCS expenditures were reviewed by the DEA Office of Finance and the General Services Administration (GSA).

Approximately every 3 years, DEA Inspections conducts an on-site inspection of FA's activities. During this review, DEA Inspections spends 2 to 4 weeks on site and reviews a variety of areas, including PCS procedures and expenditures. In years that DEA Inspections does not conduct a review, FA must submit a self-inspection report. We reviewed a DEA Inspections report and self-inspection reports prepared during our review period and confirmed that they were conducted as described by DEA officials. The reports did not identify any reportable weaknesses in the PCS program.

In addition to the DEA Inspections-related oversight, FA-prepared financial documents are reviewed by the DEA Office of Finance before they are fully processed. We also confirmed that copies of processed third party payments for the shipment of transferee goods were sent to GSA for post-payment audits. According to a DEA official, these are sent on a monthly basis and the GSA reviews these processed payments to ensure that all payments for charges are accurate.

PCS Transfer Activity Controls are Adequate

Our second objective was to **assess the DEA's controls over resources** expended on PCS transfers, including repayments required by those employees who do not satisfy their continued service agreements. We found that the DEA appropriately controlled the resources it expended on PCS transfer activities.⁸ Specifically, we found that all the policies used by the DEA for PCS expenditures are governed by the Federal Travel Regulation. Additionally, we found that the DEA maintained an adequate segregation of duties in processing PCS expenditures and monitoring the contractors it employs to provide PCS-related services. We also found that the DEA established and maintained a standard process for the repayment of PCS-related costs owed by employees. Finally, when we conducted a detailed review of a sample of 30 PCS files, we did not identify any significant exceptions or negative trends.

⁸ Our audit did not include an evaluation of **the DEA's justifications** for the PCS transfers or their **appropriateness, and it did not assess the DEA's** use of, or expenses relating to, TDY assignments.

Federal Travel Regulation Defines Standards

We found that FA policies and practices related to PCS expenditures are based on the FTR, which contains government standards for allowable PCS-related expenditures.⁹ DEA officials stated that they refer to the FTR when determining entitlements and the allowability of expenditures. Our work revealed that the DEA abided by the FTR.

In one area of the regulations, the Department of Justice (DOJ) had established a standard that is more stringent than the FTR: the DOJ directive states that the maximum number of days permitted for temporary quarters subsistence expenses is initially limited to 60 days minus the number of days used for a house-hunting trip, whereas the FTR permits up to 120 days. **We found that the DEA's regulations were consistent with the DOJ's more stringent standard.**

Appropriate Segregation of Duties

We found that duties were appropriately segregated for PCS-related expenditures paid directly to employees and those paid to third party vendors. Duties are segregated between units within FA and units within the Office of Finance for entitlement authorizations, commitments, obligations, voucher review, and invoice payments. The Transportation Management Unit prepares transferee PCS authorizations and determines the funding commitment amount, while the Financial Management Unit obligates funds. Transferees requesting reimbursement first submit vouchers to their local supervisors for approval. Following supervisory approval, the voucher is received, reviewed, and recorded by a unit within the Office of Finance. An Office of Finance unit also thoroughly examines each voucher. During our review of PCS files and records, we observed evidence of this Office of Finance voucher review.

Federal law requires federal agencies to verify the correctness of bills received from carriers prior to payment.¹⁰ To fulfill this requirement, the DEA contracts with an independent pre-payment audit company to review the rates and services of carriers that provide movement and storage of

⁹ Our audit did not include an evaluation of the appropriateness of the PCS-related expenditure limits that are specified in the FTR.

¹⁰ 31 U.S.C. § 3726 (2006)

goods services for PCS transfers.¹¹ Invoices provided by third party vendors are processed by the Financial Management Unit after being reviewed by the pre-payment audit contractor. After receipt, one Financial Management Unit staff member completes data entry into the financial system while another approves the payment. Further, the Office of Finance completes an additional review for accuracy and initiates payments and processes deposits related to repayments. During our review of PCS files and supporting documents, we saw evidence of the pre-payment audit company review of invoices.

Adequate Monitoring of Contractors

We found that FA uses GSA-approved contractors as appropriate for the movement and storage of household goods and privately owned vehicles, real estate relocation transactions, and pre-payment audits of invoices related to shipping goods. FA monitors its principal contractors in a variety of ways. According to an FA official, Relocation Management Unit staff members speak with contractors on a daily basis and engage in formal weekly meetings, as well as semi-annual meetings, to discuss the status of transactions and contractor performance. The Relocation Management Unit staff also has access to the contractors' databases to view caseload management. According to an official, the real estate contractors also submit a weekly progress report. The contractors used by the Transportation Management Unit are monitored using criteria such as customer satisfaction and billing timeliness. We believe that these methods for monitoring contractors are adequate.¹²

In addition, in FY 2012, FA negotiated with its two real estate relocation contractors to reduce the rate charged to the DEA, resulting in monetary savings for the government. These contractors run guaranteed home sale programs through which they work with transferees to market real estate and facilitate a sale to a buyer, or if the home does not sell within a reasonable timeframe, to purchase the home. According to the DEA, these contractors are GSA-approved and work with multiple government agencies.

¹¹ The pre-payment audit company (PPAC) reviews rates and amounts charged for household goods shipments, shipments of vehicles, unaccompanied baggage shipments, and storage-in-transit. The PPAC assesses excess weight issues and ensures the bill is in compliance with the FTR and other applicable standards. The PPAC also reviews the invoices for duplicate charges, ensures invoices have the proper weight tickets, and assesses supplemental services.

¹² **Our audit included evaluating DEA's efforts to monitor the PCS pre-payment activities of these contractors but did not include evaluating security clearances or any other matters involving the GSA-approved contractors.**

Sufficient Repayments Process

Generally, personnel are eligible for relocation entitlements if they agree to remain in government service for a specified period of time, with a minimum agreement length of 1 year.¹³ However, if the service agreement **is violated for reasons within the employee's control**, the employee must repay funds reimbursed to him or her, including any amounts paid to third parties on behalf of the employee. For all PCS-related debt collection, FA reviews data on a monthly basis for those DEA employees who have separated from service. In the event of a match, FA sends the information with a letter to the employee requesting payment. Debtors can provide payment as instructed, can contact the Office of Finance to establish a payment plan, or can request that the DEA Chief Financial Officer waive the debt. If debtors disagree with the amounts owed, they can appeal the debt. If debtors do not pay, the Office of Finance sends the debt to the U.S. Department of the Treasury for collection.

We found that FA staff created and adhered to standard operating procedures for this process. On a monthly basis, an FA employee uses a database to compare a record of non-active employees to a record of employees who completed a PCS transfer within the previous 12 months. If FA staff confirm that individuals did not remain in government service until the end of the service agreement period and the agreement was breached, FA confirms amounts expended for the PCS and prepares and issues the initial debt notification letter to the employee. If no appeal or waiver request is received from the employee, information on the amount owed is forwarded to the Office of Finance to initiate the debt collection.

Additionally, transferees are entitled to have goods shipped from a prior home to a new home but are restricted to weight allowances. The **expenses incurred for the shipment of an employee's goods are billed** directly to the DEA. If the shipment exceeds the maximum weight prescribed, the DEA will pay the total charges, but the employee is required to reimburse the government for the cost of any charges applicable to the excess weight. For these excess weight shipments, a similar collection process is followed. FA sends a letter with the amount owed and supporting documentation to the employee. If no appeal or waiver request is received from the employee, the excess weight charges are forwarded to the Office of Finance to initiate the debt collection.

¹³ The 1-year minimum is established by the FTR. Senior Executive Service last **move home, employee return for separation, and the early return of an employee's** dependent are transfer categories that do not necessitate a service agreement.

In our detailed review of a sample of 30 DEA PCS files, we identified one instance, involving \$3,796, in which the DEA exercised its collection process.

We examined the **DEA's efforts to identify service agreement violations** and to recoup monies owed to the government for those violations, as well as instances of excess weight shipments. We obtained a list of separated employees and compared it to a list of employees who had a PCS transfer. Through this reconciliation, we identified 13 transferees in our review period who left government service before completion of their service agreements. We compared our independently created list to **FA's service agreement violators list**, and we found that the transferees we identified through our independent reconciliation were also identified by FA, and FA had initiated its collection process for each of these transferees.

In addition, we reviewed the population of 76 cases for which excess weight household goods shipments occurred. We selected and reviewed a sample of 10 of the 89 combined service agreement violators and excess weight instances and confirmed that repayments were made or were in process. For the 10 cases we reviewed, we found that FA and the Office of Finance both used an established process for recouping payments owed from transferees. Therefore, it appears that FA appropriately identified service agreement violators and followed up on excess weight repayments. Based on the audit work we performed in this area, we believe the DEA adequately pursued debts owed to the government.

Review of PCS Expenditures

We reviewed a judgmental sample of 30 PCS files for 30 DEA transferees, with PCS costs amounting to \$2,181,267, or approximately 2 percent of the total amount spent on PCS transfers during our review period.¹⁴ As shown in Exhibit 4, each file reviewed was made up of numerous transactions.¹⁵

¹⁴ We applied judgmental sampling design to obtain broad exposure to numerous facets of the PCS program, including the number of transferee dependents, transferee job series, transfer types (domestic or foreign), the expenditures related to the transfer activity, and a variety of benefit categories. Appendix I contains additional information regarding our sample selection and testing methodology.

¹⁵ While transfers are initiated during a specific fiscal year, expenditures and obligations often span multiple fiscal years. As a result, obligations that remain open may still incur transfer costs.

EXHIBIT 4. DETAILED REVIEW OF EXPENDITURES ASSOCIATED WITH 30 DEA PCS FILES

MOVE DATA			BENEFIT CATEGORIES							TESTING	
TOTAL SPENT ON PCS ACTIVITY ¹⁶	MOVE TYPE	FY	HHT	ERT	MEA	TQ	RE	HHG AND SIT	RITA	NUMBER OF VOUCHERS TESTED	NUMBER OF VOUCHERS WITH EXCEPTIONS
\$337,095	DD	2011	X	X	X	X	X	X	X	43	1
\$312,905	DD	2011	X	X	X	X	X	X	X	39	1
\$306,464	DD	2011	X	X	X	X	X	X	X	33	
\$297,713	FD	2011		X	X	X	X	X	X	33	1
\$265,023	DD	2011	X	X	X	X	X	X	X	34	
\$74,202	DD	2010	X	X	X	X	X	X	X	54	
\$70,480	FF	2010		X	X	X		X	X	14	
\$52,032	FD	2012		X	X	X	X	X	X	40	
\$48,953	DD	2012	X	X	X	X	X	X	X	27	
\$44,424	DF	2010		X	X	X		X	X	20	
\$44,333	DD	2011	X	X	X	X		X	X	31	
\$41,042	DF	2012		X	X	X		X	X	17	
\$33,423	FD	2010		X	X	X		X	X	16	
\$33,174	DF	2012		X	X	X		X	X	13	2
\$31,359	FD	2011		X	X	X		X	X	26	
\$28,956	DF	2010		X	X	X		X	X	13	
\$27,118	FD	2012		X	X	X	X		X	24	
\$23,474	DF	2010		X	X			X	X	16	
\$18,843	DF	2012		X	X			X	X	15	
\$18,137	DF	2012		X	X	X		X	X	16	
\$13,597	DF	2012						X		1	
\$13,200	DD	2012	X	X			X	X	X	20	
\$13,027	FD	2012						X		1	
\$10,713	DD	2011	X	X	X			X	X	15	1
\$7,098	DD	2012						X		1	
\$6,166	DD	2011		X				X	X	7	
\$2,812	DD	2011		X				X	X	6	
\$2,388	DD	2011		X				X		4	
\$2,041	DD	2012		X				X		2	
\$1,075	DD	2010					X			1	
\$2,181,267			9	26	21	18	11	28	24	582	6

Source: DEA Office of Acquisition and Relocation Management and OIG analysis

We reviewed supporting documents, including obligation and commitment documents, travel orders, authorizations, travel vouchers, receipts, invoices, tax documents, and lodging and credit card bills. The few exceptions we identified are listed below.

¹⁶ To ensure a judgmental sample representative of a variety of aspects of the DEA PCS program, our sample of 30 files included both those with a range of PCS expenditures, as well as files for specific PCS-funded activities such as the early return of a transferee dependent and the shipment of a transferee vehicle.

- A transferee claimed and was reimbursed twice for the same airfare amounting to \$361. Following our review, DEA officials stated that they would initiate collection procedures for this amount, and we subsequently confirmed that the DEA processed a repayment from the employee to correct this discrepancy.
- A transferee claimed and was reimbursed \$308 for groceries on the final day of temporary housing. Following our review, DEA officials stated that they would initiate collection procedures, and we subsequently confirmed that the DEA processed a repayment from the employee to correct this discrepancy.
- A transferee claimed and was reimbursed \$565 for the installation of gas services. However, the file indicated that the employee submitted an estimate instead of an invoice and proof of payment. Following our review, DEA officials contacted the transferee to request a receipt for the installation services. We subsequently confirmed that the DEA obtained the receipt for the expenditure.
- A transferee claimed and was reimbursed for two expenditures totaling \$327 without providing supporting documentation for the expenses. Following our review, DEA officials stated that they would initiate collection procedures for this amount, and we subsequently confirmed that the DEA processed a repayment from the employee to correct this discrepancy.
- A transferee claimed and was reimbursed \$95 for the purchase of alcohol, which is not allowable according to the FTR. According to DEA, this was an oversight. We subsequently confirmed that the DEA processed a repayment from the employee to correct this discrepancy.

Overall, we found that almost all PCS-related expenditures in our sample were allowable and in accordance with DEA policy and the FTR. None of the minor exceptions detailed above are material, and we did not identify any areas for potential cost savings.

Temporary Quarters

Temporary Quarters (TQ) is a PCS allowance category that permits authorized transferees reimbursement for expenses incurred during the interim period between leaving their prior home and moving into their new home. Expenses may include lodging, groceries, meals, laundry, and dry cleaning. Transferees are authorized TQ for 10-day, 30-day, or 60-day

periods depending on the origin and destination of the PCS transfer, and they may request authorization for additional periods of TQ beyond the amount initially approved. To request an additional period of TQ, transferees must submit a written request to FA at least 2 weeks prior to expiration of the authorized TQ period specifying the number of additional days needed, the amount of TQ expenses incurred to date, and a justification for the extension with accompanying supporting documentation. **We found that the DEA's policy was in accordance with DOJ policy regarding TQ.**

In our sample of 30 transferees, we found that 18 used TQ as part of their PCS transfers. Of these 18 transferees, 10 requested and were granted TQ extensions. We reviewed these 10 requests to determine whether the DEA followed its policy in granting TQ extensions. We found that 10 of the 10 approved extension requests we reviewed did not contain the justification for the extension or supporting documentation for the extension, both of which are required by DEA policy. We discussed this matter with DEA officials, and the DEA subsequently updated its PCS handbooks and its standard operating procedures for processing TQ extension requests **to meet the intent of the DEA's TQ policy.**

Conclusion

For this audit we interviewed personnel, assessed procedures for managing and accounting for PCS transfer activities, reviewed a sample of transfer files, and reviewed repayments procedures. **We found the DEA's practices and procedures for PCS transfer activities were in accordance with the FTR.** Based on our review, it appears the DEA established suitable practices for the management of PCS activities and operated within an adequate system of internal control. Additionally, we found few discrepancies in the expenditure records we reviewed.

STATEMENT ON INTERNAL CONTROLS

As required by the *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objective. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations **of laws and regulations. Our evaluation of the DEA's internal controls was not made for the purpose of providing assurance on the agency's internal control structures as a whole. DEA management is responsible for the establishment and maintenance of internal controls.**

Through our audit testing, we did not identify any deficiencies in the **DEA's internal controls that are significant within the context of the audit objectives and that we believe would affect the DEA's ability to effectively and efficiently operate, to correctly state financial and performance information, or to ensure compliance with laws and regulations.**

Because we are not expressing an opinion on the DEA's internal control structure as a whole, this statement is intended solely for the information and use of the DEA. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards*, we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices, to obtain reasonable assurance that DEA management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. DEA management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following regulation that concerned the operations of the auditee and that was significant within the context of the audit objective:

- Federal Travel Regulation, 41 C.F.R. chs. 300-304 (2013)

Our audit included examining, on a test basis, the DEA's compliance with the aforementioned regulation that could have a material effect on the **DEA's** operations, through examining DEA PCS documentation, reviewing DEA inspection reports, and interviewing DEA personnel. Nothing came to our attention that caused us to believe that the DEA was not in compliance with the aforementioned regulation.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of our audit were to: (1) assess the adequacy of the **DEA's management of its PCS transfer activities**; and (2) **assess the DEA's** controls over resources expended on PCS transfers, including repayments required by those employees who do not satisfy their continued service agreements.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. **The scope of our audit was the DEA's PCS transfer activities** from FY 2010 through FY 2012.

To accomplish our audit objectives, we interviewed 16 officials from the DEA, including officials from the Office of Acquisition and Relocation Management, Office of Finance, Human Resources Division, Office of Resource Management, Office of Professional Responsibility, and the Operations Division. We also interviewed an official from the DOJ **Justice Management Division's** (JMD) Travel Services Group to determine if JMD has any involvement in the DEA PCS process. In addition, we reviewed relevant portions of the Federal Travel Regulation, DOJ policies, and documentation related to the DEA PCS process, including contractor documentation, electronic communications, and internal policies and procedures used by the DEA to govern its PCS process. We also obtained and reviewed the Office of **Acquisition and Relocation Management's two most recent self-inspection reports and the DEA Inspection Division's most recent report**. We reviewed these reports for information relevant to PCS transfers and also to identify areas of risk.

Our audit did not include analysis of the procedures and practices used by the DEA to determine the frequency, necessity, or appropriateness of employee rotation or promotion and selection decisions that resulted in PCS transfers. Nor did it include an **analysis of the DEA's use of, or expenses** relating to, temporary duty (TDY) assignments, or an evaluation of the

appropriateness of the PCS-related expenditure limits that are specified in the FTR.

DEA PCS Handbook Review

The DEA uses Domestic, Foreign, and New Employee Handbooks to provide an overview of the authorized benefits and allowances eligible employees are entitled to upon embarking on a PCS transfer. We compared **the DEA's handbooks to the FTR to ensure guidance conveyed in the DEA's handbooks is allowable according to federal regulation. Furthermore, to assist in understanding the DEA's facilitation of PCS transfers, we reviewed select guidance from the DEA's Transportation Standard Operating Procedure and DEA policies and procedures governing PCS commitments, obligations, and third party payments.**

Transfer Universe

We obtained and analyzed data related to DEA employee PCS activity for FY 2010 through FY 2012. According to data we received, there were 2,202 actions related to PCS during that period. These include the PCS moves themselves, as well PCS-related categories that the DEA lists separately, such as when the transferee returns to the U.S. for separation purposes and the return of family members to the United States prior to a **transferee's return. While the DEA lists these categories separately, they not only are a byproduct of a PCS move, but they also are funded by the same budget. Therefore, we included these actions within our scope. We obtained data on the types of move, origins, destinations, employee information, number of dependents, and expenditures.**

Sample Selection

From the 2,202 PCS actions that occurred during our review period, we selected a judgmental sample of 30 transferees. We selected a sample that adequately represented various aspects of the PCS universe. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the PCS program. This non-statistical sample design does not allow for projection of the test results to all PCS expenditures or internal controls and procedures. We selected transfers with zero dependents as well as multiple dependents, basic and special agent transferees as well as non-law enforcement employees, both domestic and foreign transfers, and included transfers that represented a variety of benefit categories. The sample also included transferees from each of the fiscal years within our scope. In total, as of January 22, 2013, the DEA PCS program had expended \$94,908,983 on PCS transfers for FYs 2010 through 2012. During our review of 30 PCS

transferees, we tested 582 voucher and invoice packages, which amounted to \$2,181,267.

Expenditure Records File Testing

We obtained and reviewed all available supporting documentation for all the expenditures within each of the 30 PCS transfers sample to ensure compliance with laws, regulations, and DEA policy. We also analyzed all documentation to support that the DEA provided proper oversight and approval for PCS-related expenditures. To accomplish this, we examined voucher packages from transferees, invoices sent by third party contractors, internal paperwork prepared and maintained by the DEA, and DEA communications with transferees.

Repayments Testing for Service Agreements and Excess Weight Shipments

We examined the DEA's efforts to identify service agreement violations and to recoup monies owed to the government for those violations, as well as instances of excess weight shipments. We obtained a list of employees who separated from the DEA and compared it to a list of employees who had a PCS transfer. Through this reconciliation, we identified employees who left the DEA before completion of their service agreements. We compared our **independently created list to FA's service agreement violators list**. There were a total of 13 service agreement violators during our review period. In addition, we reviewed the population of 76 cases, identified to us by the DEA, for which excess weight household goods shipments occurred. We selected and reviewed a sample of 10 of the 89 combined service agreement violators and excess weight instances occurring during our review period.

We did not perform an independent, overall assessment of the reliability of the data provided because we used the data for informational and contextual purposes to support our overall conclusions. We performed testing to source documents to assess aspects of the management of PCS transfer activities and the controls over PCS resources. The data did not provide the sole basis of our findings.