Report No. DODIG-2013-083 May 15, 2013

Inspector General
United States Department of Defense

Efforts to Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement

Additional Copies

To obtain additional copies of this report, visit the Department of Defense Inspector General Web site at http://www.dodig.mil/pubs/index.cfm, or contact the Secondary Reports Distribution Unit at auditnet@dodig.mil.

Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing at auditnet@dodig.mil, or by mail:

Department of Defense Office of Inspector General
Office of the Deputy Inspector General for Auditing
ATTN: Audit Suggestions/13F25-04
4800 Mark Center Drive
Alexandria, VA 22350-1500

DEPARTMENT OF DEFENSE hotline

To report fraud, waste, mismanagement, and abuse of authority.

Send written complaints to: Defense Hotline, The Pentagon, Washington, DC 20301-1900
Phone: 800.424.9098 e-mail: hotline@dodig.mil www.dodig.mil/hotline

Acronyms and Abbreviations

CWT	Hundredweight
DFAS	Defense Finance and Accounting Service
DPS	Defense Personal Property System
FSC	Fuel Surcharge
GSA	General Services Administration
HHG	Household Goods
IPERA	Improper Payments Elimination and Recovery Act
NTS	National Traffic Service
PPSO	Personal Property Shipping Office
SDDC	Surface Deployment and Distribution Command
SIT	Storage In Transit
TAC	Transportation Account Code
TSP	Transportation Service Provider
U.S.C.	United States Code
USTRANSCOM	United States Transportation Command

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

May 15, 2013

MEMORANDUM FOR COMMANDER, SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Efforts To Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement (Report No. DODIG-2013-083)

We are providing this report for your information and use. The Surface Deployment and Distribution Command was taking steps to minimize overpayments on the shipment of household goods, but improvements were needed. The Defense Finance and Accounting Service also needed to improve reporting procedures on overpayments. We considered management comments on a draft of this report when preparing the final report.

Management comments conformed to the requirements of DoD Directive 7650.3; therefore, we do not require additional comments. We deleted draft report Recommendation B.1.a. from the report.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945.

Lorin T. Venable

Lorin T. Venable, CPA
Acting Assistant Inspector General
DoD Payments and Accounting Operations

Results in Brief: Efforts To Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement

What We Did

We determined whether the Department's efforts to minimize, identify, report, and recover improper payments on the shipment of household goods were sufficient, effective, and in compliance with applicable laws and regulations.

What We Found

U.S. Transportation Command officials were taking action to minimize the number of overpayments made on the shipment of household goods by implementing the Defense Personal Property System. However, for the period July 2010 through March 2012, General Services Administration (GSA) post-payment audits identified 15,081 automated invoices and 1,313 paper invoices with potential overpayments that DoD had not detected. The Surface Deployment and Distribution Command (SDDC) and the Defense Finance and Accounting Service (DFAS) did not obtain information from GSA that could assist in identifying and preventing the improper payments. SDDC did not make system change requests to detect payment errors such as statute of limitations violations, duplicate payments, and inaccurate shipping weights. DFAS did not report the overpayments as required by improper payment guidance.

As a result, DoD lost use of $4.6 million of overpayments, and DFAS underreported the number of improper payments.

DFAS identified that 142,636 of 229,411 processed line items contained accounting errors related to shipments of household goods during FY 2012. DFAS accounting technicians manually corrected the errors at a cost of about $2.6 million to the Military Departments and Defense Agencies. The accounting errors occurred primarily because DoD shipment counselors entered invalid accounting data into the Defense Personal Property System.

If the Department made needed improvements to prevent accounting errors within the first year of the 6-year Future Years Defense Program, $13 million of costs can be saved over the remaining 5 years.

What We Recommend

We recommended the Commander, SDDC, use GSA data to improve compliance and implement automated controls over the input of Household Goods information. We also recommended the Director, DFAS, report improper payment information in accordance with guidance.

Management Comments and Our Response

The Deputy Commander, U.S. Transportation Command, agreed with six recommendations and disagreed with three. The Director, DFAS Indianapolis agreed with three recommendations. As a result of the comments from U.S. Transportation Command, we deleted one draft recommendation. All other comments from the Deputy Commander, U.S. Transportation Command and the Director, DFAS Indianapolis were responsive.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Surface Deployment and Distribution Command		A.1.a, A.1.b, A.1.c, B.1.a, B.1.b, B.1.c, B.1.d, B.1.e
Defense Finance and Accounting Service		A.2.a, A.2.b, B.2

Table of Contents

Introduction 1

Objectives 1
Background 1
Review of Internal Controls 2

Finding A. Additional Steps Needed To Identify, Report, and Prevent Overpayments to Shippers 3

Defense Personal Property System Minimizes Errors 3
Audits Disclosed Overpayments 4
Obtaining Information From General Service Administration and Initiating System Change Requests To Prevent Overpayments 5
Statute of Limitations Violations 6
Using Overpayment Information To Monitor Prepayment Audits of Paper Invoices 9
Improved Coordination Needed To Collect the Information on Overpayments for Agency Financial Reporting 11
Benefits of Reducing Future Overpayments 12
Recommendations, Management Comments, and Our Response 12

Finding B. Shipping Offices Data Processing Errors in Submitting Payment Information Increased Accounting Costs 14

Data Input Guidance 14
Data Entry Errors Increased Processing Costs 15
Shipment Counselors Used Invalid Data to Override Controls 16
Controls To Prevent Overrides Were Inadequate 18
Reduced Accounting Costs 19
Recommendations, Management Comments, and Our Response 19

Appendixes

A. Scope and Methodology 22
Use of Computer-Processed Data 23
Use of Technical Assistance 23
Prior Coverage 23
B. Overpayments Reviewed 24

Management Comments

United States Transportation Command 32
DFAS Indianapolis 35

Introduction

Objectives

The audit objective was to determine whether the Department's efforts to minimize, identify, report, and recover improper payments on the shipment of household goods were sufficient, effective, and in compliance with applicable laws and regulations. See Appendix A for the scope and methodology and prior coverage related to the objective.

Background

DoD processed 1,336,911 invoices and paid $3.5 billion from July 2010 to March 2012 to ship household goods for DoD military and civilian employees who relocated to and from DoD installations worldwide. DoD used US Bank's third party payment system (called Syncada) to make the payments to Transportation Service Providers (TSPs).

United States Transportation Command (USTRANSCOM) and Surface Deployment and Distribution Command (SDDC) managers used the Defense Personal Property System (DPS) to manage the shipment of Household Goods (HHG). The shipments were processed by 112 Personal Property Shipping Offices (PPSOs) worldwide. USTRANSCOM was in the process of consolidating the operations from 151 PPSOs to 17.

Invoices, such as those from European locations, could not yet be processed electronically. For example, in the first half of FY 2012, TSPs submitted 14,588 paper invoices, and the Defense Finance and Accounting Service (DFAS) made $24.6 million in related payments. However, by July 2017, DPS is scheduled to replace paper invoices and the methods for approving paper invoices.

The Transportation Act of 1940, as amended, title 31, United States Code, section 3726 (31 U.S.C. § 3726 [2011]), authorizes the General Services Administration (GSA) to perform post-payment audits of all paid transportation billings for DoD. As required by the law, the overpayments GSA recovers are transferred to miscellaneous receipts of the Treasury. DFAS used a private contractor to perform prepayment audits of shipments to assist it in validating charges on paper invoices.

During FY 2012, nearly 97 percent of the HHG contractor invoices were electronically processed through DPS and its predecessor (Transportation Operational Personal Property Standard System).

The DPS Functional Review Board initiates, approves, and prioritizes system change requests. Board members include representatives from the Services, USTRANSCOM, and SDDC.

Improper Payments

On July 22, 2010, the President signed Public Law 111-204, "Improper Payments Elimination and Recovery Act of 2010" (IPERA), which amended the "Improper Payments Information Act of 2002." According to IPERA, "improper payment" means any payment that should not have

been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. An improper payment includes duplicates and payments to an ineligible recipient, payments for an ineligible good or service, and payments for a good or service not received. Reportable improper payments include overpayments, underpayments, and recovered funds.

Statute of Limitation

Title 31, U.S.C. section 3726, "Payment for Transportation," requires each agency that receives a bill from a carrier for transporting property to verify its correctness using a prepayment audit in accordance with section 3726 and GSA regulations. Furthermore, a claim received under section 3726 will be allowed only if the claim is received not later than 3 years after the later of the following: accrual of the claim, payment for the transportation, refund for an overpayment, or deduction from an amount subsequently due.

Review of Internal Controls

DoD Instruction 5010.10, "Managers' Internal Control Program (MICP) Procedures," July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses concerning the minimization, identification, reporting, and recovery of improper HHG payments. We determined that SDDC and DFAS needed to improve controls over the processing of HHG payments. Specifically, SDDC officials did not implement sufficient and effective controls to ensure compliance with payment procedures, and PPSO shipment counselors frequently input invalid accounting data into DPS. This occurred because SDDC and DFAS did not obtain information from GSA that could assist in identifying and preventing the improper payments. In addition, SDDC did not make system change requests to detect payment errors such as statute of limitations violations, duplicate payments, and inaccurate shipping weights, and DFAS did not report the overpayments as required by improper payment guidance. We will provide a copy of the report to the senior official responsible for internal controls at SDDC and DFAS.

Finding A. Additional Steps Needed To Identify, Report, and Prevent Overpayments to Shippers

During the audit, USTRANSCOM officials were taking action to minimize the number of overpayments made on the shipment of household goods by implementing the Defense Personal Property System, which standardizes processes for approving invoices. However, for the period July 2010 through March 2012, GSA post-payment audits identified 15,081 automated invoices and 1,313 paper invoices with potential overpayments that DoD had not detected. A review of a non-statistical sample of 60 of the largest overpayments GSA recovered showed that these problems occurred for the following reasons:

- SDDC personal property division staff did not obtain information on electronic invoice overpayments from GSA and did not initiate systems change requests and automated checks to assist PPSOs in identifying errors such as statute of limitations violations, duplicate payments, and inaccurate shipping weights;

- DFAS transportation payment office personnel did not effectively use GSA's information on paper invoice overpayments to monitor the contractor performing pre-payment audits of paper invoices; and

- DFAS Transportation Payment Office did not coordinate with GSA officials to collect the information on the overpayments for reporting the improper payments in the Agency Financial Report.

As a result, DoD lost the use of $4.6 million of funds that GSA identified as overpayments, recovered, and transferred to miscellaneous receipts of the Treasury. Additionally, DFAS understated the number of improper payments and recoveries in DoD financial statement reports.

Defense Personal Property System Minimizes Errors

During the audit, the USTRANSCOM Joint Program Management Office for HHG Systems was in the process of implementing DPS to provide an integrated, Web-based information management system. Implementation of DPS began in January 2009, and all household goods shipments are scheduled to be managed in DPS by FY 2017. The transportation process within DPS consists of six functional areas: counseling, shipment management, quality assurance, claims, customer satisfaction survey, and invoicing. PPSO staff, Service members, and transportation service providers gain access to DPS on its host Web site *www.move.mil*. DPS employs a costing engine to minimize overcharges and interfaces with Syncada to control the processing and approval of invoices submitted by the TSPs. TSPs are required to annually file their rates in DPS, which uses a rate reasonableness methodology to evaluate the rates and assign a unique rating score for each TSP. TSPs are assigned a ranking that PPSOs use to distribute shipment awards.

> *DPS employs a costing engine to minimize overcharges.*

Processing of Electronic Invoices

In October 2003, GSA approved the use of electronic billing systems for HHG payments. In February 2004, DFAS reviewed the electronic billing system and concluded that the process offered reasonable assurance that payments would be correct and free from fraud and error. An overview of the process follows.

Upon delivery of HHG to a service member's residence, the TSP submits an invoice via Syncada. Syncada assigns a unique identifier and transmits the information to DPS for approval by the responsible PPSO. Once all services on the invoice are reviewed and subsequently approved or denied, DPS costs the shipment. Syncada uses a matching model to compare the TSP's data to DPS. If the data is within established tolerances, Syncada automatically approves payment to the TSP. However, when a transaction does not meet the established tolerances, Syncada flags the invoices, and the PPSO must manually approve the payment. The PPSO reviews the invoice in DPS and approves, disputes, or denies each line item. The DPS system requires invoices to be approved before payment. However, additional improvements can be made to the system to prevent duplicate payments, statute of limitation violations, and weight errors.

At the end of the monthly billing cycle, Syncada generates a summary invoice that is available online for review by an account certifying officer. The certifying officer reviews the individual transactions on the summary invoice and confirms accounting information and cost accuracy. Once certified, an invoice cannot be changed. Syncada is required to maintain an audit trail of all changes to shipment information in accordance with the Chief Financial Officer's Act of 1990 and the Federal Financial Management Improvement Act of 1996.

Audits Disclosed Overpayments

As required by 31 U.S.C. § 3726, the Department relied on GSA to perform post-payment audits of DoD HHG shipments. Table 1 shows the results of GSA post-payment audits of DoD HHG shipments for the period July 2010 through March 2012. GSA issued about $12.7 million in overcharge notices to TSPs and recovered about $4.3 million.

Table 1. GSA Overcharge Notices from Electronic Invoices
July 2010 – March 2012

Syncada		
Status	**Count**	**Amount**
Issued	15,081	$12,695,915
Pending	7,852	$6,333,168
Settled	7,229	$4,262,874
Not Recovered		$2,099,873

The $4.3 million recovered by GSA is not a significant amount compared to the total value of HHG payments processed through Syncada.[1] However, there is still room for improvement. Specifically, SDDC and DFAS needed to establish a process to obtain improper payment information from GSA.

Obtaining Information From General Services Administration and Initiating System Change Requests To Prevent Overpayments

GSA audits identified areas in which SDDC could have stopped overpayments before they were made had SDDC coordinated with GSA to analyze the information and made systems changes to automatically detect overpayments. Of the 7,229 settled invoices with recoveries that GSA audits identified, we reviewed the 50 largest overpayments processed electronically through Syncada. See Appendix B for details of the 50 overpayments. The data showed that PPSO personnel did not comply with control procedures and made errors during the approval of invoices that caused overpayments to be made to TSPs. Table 2 shows the 10 types of errors that occurred in the 50 items sampled. Statute of limitation violations, duplicate payments, and weight inaccuracies were the most frequent errors.

The SDDC personal property division should obtain this type of information from GSA quarterly.

Table 2. Invoice Errors on Syncada Overpayments July 2010 Through March 2012

Type of Error	Number	Overcharge Amount	Amount Recovered*
Statute of Limitation	15	$254,976	$256,904
Duplicate Payment	14	159,146	159,424
Weight Inaccuracies	7	60,510	65,832
Storage	5	79,044	79,708
Terminations	3	34,174	34,179
Mileage Errors	2	18,644	18,301
Bunker Surcharge Error	1	44,540	45,255
Crating Overcharge	1	18,629	19,262
Fuel Surcharge Error	1	16,938	17,021
Linehaul Charge Error	1	16,345	16,537
Total	**50**	**$702,946**	**$712,423**

* Includes Interest

The SDDC personal property division should obtain this type of information from GSA quarterly and use it to identify areas that need improvement. SDDC officials can improve the system and

[1] According to the IPERA, overpayments become significant when totaling 1.5 percent of the program outlays. For the HHG program, 1.5 percent of $3.5 billion in payments would total about $52 million.

the existing processes to prevent duplicate payments and reduce other overpayments by coordinating with GSA to understand the causes of overpayments discovered during post-payment audits and making changes based on the results.

Statute of Limitations Violations

The most frequent cause of overpayments in the sample of 50 GSA identified overpayments was that PPSO personnel did not comply with Statute of Limitation control procedures. As shown in Table 2, 15 of the 50 Syncada overpayments, valued at $254,976, were made after the expiration of the 3-year statute of limitations prescribed by 31 U.S.C. 3726.

DPS should automatically flag statute of limitation violations for review by PPSO approving officials.

Table 3 shows that 15 invoice dates exceeded the 3-year statute of limitations. Personnel at the Navy's Puget Sound shipping office processed 13 of the 15 overpayments, and personnel at Fort Lewis and Fort Belvoir processed the other 2.

Table 3. Violations of the 3-Year Statute of Limitations

GBL Number	Overcharge Amount	Shipping Office	Delivery Date	Invoice Date	Elapsed Months
ZX407134	$44,509	Puget Sound	April 7, 2007	May 5,2010	37
ZX145704	26,551	Puget Sound	June 19, 2006	July 7, 2010	49
ZX144957	23,381	Puget Sound	May 19, 2006	Mar 12, 2010	46
ZX407737	19,668	Puget Sound	June 27, 2007	July 21, 2010	37
ZX275774	18,884	Fort Lewis	June 13, 2006	July 1, 2010	49
ZX146370	17,606	Puget Sound	July 7, 2006	Jan 21, 2010	43
ZX145694	16,070	Puget Sound	May 26, 2006	July 6, 2010	50
ZX406232	15,630	Puget Sound	Dec 29, 2006	May 12, 2010	41
ZX408137	14,302	Puget Sound	May 25, 2007	July 12, 2010	38
ZX145403	12,304	Puget Sound	July 3, 2006	May 25, 2010	47
ZX408599	11,798	Puget Sound	June 24, 2007	July 22, 2010	37
ZX405689	8,738	Puget Sound	Feb 1, 2007	May 11, 2010	39
ZX145659	8,678	Puget Sound	July 27, 2006	July 1, 2010	47
ZX406623	8,513	Puget Sound	Jan 25, 2007	July 12, 2010	42
ZX247179	8,345	Fort Belvoir	Sept 21, 2006	Jan 11, 2010	40
Total	**$254,976**				

Most of the overpayments were to one TSP, Hill Moving Services, Inc. It submitted 14 of the 15 overpayments shown in Table 3. On August 23, 2012, the Puget Sound Supply Management Director stated the payments were made in good faith but could not provide an adequate explanation for improperly approving the invoices for payment. The Director also stated that

Puget Sound's processes and training on invoice handling had become much stronger since 2010 and that in May 2012, the Puget Sound office had participated in a Lean Six Sigma Continuous Process Improvement event with other Navy offices and DFAS to improve invoice processing. GSA did not provide information on overpayments, such as those shown in Table 3, to SDDC transportation officials. Obtaining data regularly from GSA will help identify activities, such as Puget Sound, that are causing overpayment problems when processing invoices. DPS should automatically flag statute of limitation violations for review by PPSO approving officials. However, SDDC officials indicated DPS does not automatically flag these violations. SDDC officials indicated the system did not have the capability to detect and prevent these types of errors and SDDC would need to request a system change to improve detection.

Even though GSA collected the overpayments, DoD lost the use of the funds after GSA deposited the recovered overpayments to miscellaneous receipts to the Treasury, as required by law. SDDC officials should request a system change to automatically flag statute of limitation violations.

Duplicate Payments

GSA audits also showed PPSO approving officials approved duplicate invoices submitted by TSPs even though the duplicate invoices were identifiable in the personal property computer systems. Approving officials should not have approved the duplicate invoices. The following are 3 of the 14 examples of duplicate payments disclosed in the sample of 50.

- Shipment no. KQ146385 was a shipment of household goods from Kailua, Hawaii, to Middleburg, Florida. The TSP submitted two invoices on March 11, 2010, for identical amounts of $18,399. The PPSO official approved both and paid the TSP $36,799.[2] GSA identified and recovered the duplicate payment.

- Shipment no. BGAC0003525 was a shipment of household goods from Fort Meade, Maryland, to the Schinnen, Netherlands. The TSP submitted the initial invoice on November 11, 2009, for $13,242, and it was approved by a PPSO-Washington official. The TSP submitted a second invoice for $13,242 on February 18, 2011, and it was incorrectly approved by a PPSO-Washington official. GSA identified and recovered the duplicate payment.

- Shipment no. HAFC0016177 was a shipment of household goods from Plant City, Florida, to Kapolei, Hawaii. The TSP submitted three invoices that included the same $11,654 charge. The first invoice was submitted on September 21, 2010, and was denied by a PPSO-San Antonio official. The TSP submitted a second invoice on November 2, 2010, which the official approved. The PPSO-San Antonio official subsequently approved another invoice submitted by the TSP on November 12, 2010. GSA identified and recovered the duplicate payment.

[2] Does not exactly total because of rounding.

SDDC did not have a post-payment review function to ensure that PPSOs complied with payment procedures. During the audit, SDDC officials implemented a new process using exception reports to identify duplicate payments. However, SDDC officials should also request a system change in DPS to flag potential duplicate payments and prevent their approval by PPSO personnel.

> *During the audit, SDDC officials implemented a new process . . . to identify duplicate payments.*

Weight Adjustment Errors

GSA audits identified seven cases in which PPSO approving officials did not properly review shipping weight information when approving TSP invoices. Three examples follow.

- Shipment No. BGAC0021480 was a movement of household goods from Stafford, Virginia, to a storage facility in Pearl Harbor, Hawaii, on July 29, 2011. The TSP submitted its invoice on August 1, 2011, and the TSP was paid $15,847 based on a shipping weight of 14,400 pounds. The shipment was reweighed on August 25, 2011, before it was delivered to its final destination. The reweigh found the correct weight was only 9,725 pounds, and DoD should have paid the TSP only $10,672. On September 16, 2011, the TSP submitted an amended invoice to adjust for the lower shipment weight identified in the reweigh. However, the amended invoice contained errors on the linehaul refund amount, adjusted linehaul charge, and fuel surcharge. The PPSO-Washington approving official did not detect the errors and repaid the TSP based on the original incorrect weight. GSA ultimately recovered $10,659 from the TSP, which GSA determined had been overpaid because of the weight related invoicing errors.

- Shipment No. WKAS0000671 was a movement of household goods from Rotterdam, Netherlands, to a storage facility in Fairview Heights, Illinois, on July 9, 2009. The TSP submitted an invoice on July 13, 2009, and was paid $30,513 based on a shipping weight of 19,480 pounds. The shipment was reweighed on November 2, 2009, before it was delivered to its final destination. The reweigh found the correct weight was only 13,940 pounds, and DoD should have paid the TSP only $21,836. The European PPSO approving official, however, did not follow-up and require the TSP to submit a supplemental invoice to adjust for the corrected weight. GSA recovered $8,808 from the TSP that was overpaid because of the weight-related invoicing errors.

- Shipment No. LFMT0001393 was a movement of household goods from Fullerton, California, to a storage facility in Honolulu, Hawaii, on December 10, 2009. The TSP submitted invoices on January 29, 2010, and March 10, 2010, and was paid $12,915 based on the estimated shipping weight of 10,000 pounds. Camp Pendleton quality assurance personnel failed to identify that the TSP used the estimated weight to calculate the shipment charges instead of the actual net weight of 3,170 pounds. GSA recovered $8,551 from the TSP that was overpaid because of the weight-related invoicing errors.

By reviewing and investigating the types of overpayments that GSA found in the area of weight adjustment, SDDC could have taken action to prevent future occurrences. Specifically, the DPS system needed to be improved to ensure that approving officials are notified and take appropriate action when a reweigh occurs. In addition, the DPS system needed improvement to implement

best practices from the PPSO-Washington and PPSO-Hawaii related to reweighs of inbound shipments as described in the following paragraphs.

PPSO-Washington reweigh reports showed its inspectors had saved $983,174 since 2007. However, the savings had decreased under DPS primarily because the former system, Transportation Operational Personal Property Standard System (TOPS), provided better visibility of inbound shipments. Quality assurance personnel at the PPSO stated that savings in 2012 totaled $25,000 for the period January through April. They stated that savings would increase if DPS provided better visibility on inbound shipments. To improve visibility, DPS needed to produce reweigh reports or flags that inspectors could use to detect anomalies.

To improve visibility, DPS needed to produce reweigh reports or flags that inspectors could have used to detect anomalies.

Navy officials stated that the PPSO-Hawaii witness reweigh program had saved or avoided about $3.5 million since 2005, or about $500,000 per year. Navy PPSO-Hawaii personnel agreed that visibility within DPS was limited but indicated they had developed a successful work around procedure. According to the Navy personnel, the PPSO-Hawaii procedure identified shipments en route that met certain pre-established parameters. Those shipments were then flagged by DPS for a reweigh. According to the Navy personnel, the flag in DPS informed the TSP well in advance a reweigh would occur.

USTRANSCOM and SDDC officials did not obtain information on overpayments from GSA and did not initiate systems change requests to assist PPSOs in identifying statute of limitation violations, duplicate payments, and weight errors. SDDC personal property division staff stated they had no information on the types of overpayments GSA post-payment audits were detecting. Although USTRANSCOM implemented a system update during the audit to improve detection of unusual reweigh transactions, PPSO-Washington reweigh inspectors had not yet determined whether the system update was effective. The inspectors also stated that reweigh efforts were unique to each PPSO and SDDC did not have a process to share best practices. SDDC officials needed to implement a best practices reweigh program at the PPSOs.

Using Overpayment Information To Monitor Prepayment Audits of Paper Invoices

GSA recovered $341,543 on overpayments related to 716 recovery notices on paper invoices for the period July 2010 through March 2012. In addition to the electronic invoices processed in Syncada, GSA also reviewed invoices submitted on paper that DFAS had paid. The majority of the items in our sample (50 of 60) were overpayments that were made electronically. For 10 of the overpayments in our sample, GSA recoveries showed DFAS did not effectively monitor a contractor performing pre-payment audits of paper invoices. See Appendix B for details of the 10 overpayments.

DFAS made the payments for HHG shipments using paper invoices submitted by TSPs. DFAS used a contractor, the National Traffic Service (NTS), to perform prepayment audits of the paper invoices. However, GSA personnel still identified overpayments on these paper invoices during their post-payment audits. As shown in Table 4, GSA settled 716 recovery notices and recovered $341,543 related to overpayments on paper invoices.

Table 4. GSA Recovery Notices from Paper Invoices
July 2010 Through March 2012

Paper Invoices		
Status	**Count**	**Amount**
Issued	1,313	$1,150,183
Pending	597	$653,760
Settled	716	$341,543
Not Recovered		$151,879

Of the paper invoices GSA recovered, we reviewed the 10 invoices with the highest overcharge amounts to determine the cause of the overpayment and actions needed to prevent them. As shown in Table 5, duplicate payments were the most common type of error, and GSA recovered $78,283 on the 10 invoices.

Table 5. Overpayment Errors on Paper Invoices
July 2010 Through March 2012

Description	Overcharges	Overcharge Amount	Amount Recovered*
Duplicate Payment	4	$37,822	$38,230
Weight Adjustment	2	12,430	12,621
Linehaul Charge Error	1	11,065	11,322
Tender Rate Alteration	1	5,508	5,563
Crating Overcharge	1	5,451	5,472
Storage Overcharge	1	4,992	5,121
Total	**10**	**$77,269**	**$78,283**

* Includes Interest

For the four overpayments shown as duplicates in Table 5, DFAS personnel could not explain why the prepayment audit firm did not detect the duplicate payments. For example, shipment no. ZX-737201 was a shipment of household goods from Newport News, Virginia, to Eielson Air Force Base, Alaska. In January 2009, the TSP submitted an invoice for $35,418, and DFAS paid it. The TSP, however, submitted another invoice for $21,218 the following month, and DFAS paid this invoice as well.

DFAS Personal Property Exam Division officials could not provide an explanation for paying the second invoice and why it was improperly approved for payment. Additionally, DFAS could not explain why its pre-payment auditor (NTS) reviewed both invoices and verified the second for payment.

GSA ultimately recovered the second payment of $21,218 from the TSP and returned the funds to the Treasury. However, this resulted in a loss of use of the funds to DoD, which was preventable through better performance of the pre-payment reviews.

DFAS Indianapolis Transportation Payment Office used NTS to perform pre-payment audits on paper invoices submitted by TSPs. The paper invoices are used in special circumstances in which the TSP does not have access to Syncada. For example, TSPs in some overseas locations and those moving unique one-time-only shipments submit paper invoices.

According to the contract statement of work, NTS was responsible for pre-payment audits of all European and domestic paper bills. The statement of work required NTS to determine whether the invoice and charges were complete and proper. The contract also required NTS to submit periodic management reports to DFAS Indianapolis. According to DFAS, during FY 2012 NTS audited 25,788 invoices with a total payment of $39.9 million.

DFAS Personal Property Exam Division officials provided documents indicating NTS reviewed 5 of the 10 invoices shown in Table 5. However, NTS pre-payment audits on those five invoices did not identify $48,832 in erroneous charges that GSA later identified during its post-payment reviews. For example, on HHG shipment no. GQ120714, NTS failed to identify $11,065 in overcharges because of a linehaul charge error.[3] Discussions with SDDC personnel indicated NTS should have detected this overcharge.

Although the 10 invoices shown in Table 5 were subject to NTS pre-payment audit, the invoices provided by DFAS indicated that NTS had reviewed only 5 of the invoices. DFAS management reports related to the NTS contract did not show HHG payments separately from other transportation payments NTS reviewed. The reports showed a return on investment of more than $11.95 million for the period October 2010 through July 2012. The reports did not identify the amount related to HHG data and did not include overpayments subsequently detected by GSA after NTS completed its review. GSA identified errors on 1,313 invoices that were subject to pre-payment review by NTS during the 21-month period we reviewed. NTS should have identified $1.15 million in potential overcharges that were subsequently identified by GSA during its post-payment audits. DoD could have put the $1.15 million to better use. DFAS needs to obtain information from GSA about errors on manual invoices and develop a plan to review and improve efforts to monitor NTS performance on pre-payment audits of HHG payments.

NTS should have identified $1.15 million in potential overcharges that were subsequently identified by GSA during its post-payment audits.

Improved Coordination Needed To Collect the Information on Overpayments for Agency Financial Reporting

In their reports on improper payments included in the IPERA reports, DFAS Indianapolis Transportation Payment Office personnel did not report the number of improper payments GSA detected and recovered. Specifically, the $4.6 million ($4.3 million electronic and $0.3 million paper invoices) in overpayments identified by GSA were not included. This occurred because DFAS did not coordinate with GSA to obtain overpayment information on HHG overpayments. DoD is required to report improper payments annually in its IPERA reports. Including the

[3] Linehaul is a transportation fee based on distance and weight.

overpayments in the IPERA reports will prevent future understatement of improper payments. DFAS needs to coordinate with GSA to obtain and report the overpayment information.

Benefits of Reducing Future Overpayments

Because GSA was required by law to deposit the recovered overpayments to miscellaneous receipts of the Treasury, the Department lost the use of resources because of the overpayments. USTRANSCOM and SDDC officials were taking effective action to minimize the number of overpayments made on the shipment of household goods by implementing the Defense Personal Property System that standardizes processes for approving invoices. However, with additional improvements that flag and prevent overpayments, the Department could better use HHG funding.

Recommendations, Management Comments, and Our Response

A.1. We recommend that the Commander, Surface Deployment and Distribution Command:

a. Obtain information on electronic invoice overpayments from the General Services Administration to measure compliance with payment approval procedures by Personal Property Shipping Offices using information from the General Services Administration post-payment audits.

USTRANSCOM Comments

The Deputy Commander, USTRANSCOM, responded on behalf of SDDC. The Deputy Commander agreed with the recommendation and stated that SDDC had been collaborating with GSA to implement a process for monitoring and minimizing overcharges by TSPs. The Deputy Commander stated that SDDC would provide information on the overcharges to the PPSOs.

b. Initiate system change requests to assist Personal Property Shipping Offices in identifying statute of limitations violations, duplicate payments, and weight limit infractions.

USTRANSCOM Comments

The Deputy Commander agreed with the recommendation and stated that SDDC is developing a DPS system change request to identify shipments outside of the 3-year limitation, duplicate payments, and weight limit infractions. Estimated completion date is unknown pending award of DPS contract in October 2013.

c. Implement a program to routinely collect and distribute information on reweigh best practices amongst the Personal Property Shipping Offices.

USTRANSCOM Comments

The Deputy Commander agreed with the recommendation and stated that SDDC is developing a tailored reweigh program template for PPSOs. Estimation completion date is May 2013.

Our Response

The Deputy Commander's comments on Recommendations A.1.a through A.1.c were responsive and no further comments were required.

A.2. We recommend that the Director, Defense Finance and Accounting Services:

a. Obtain information from the General Services Administration about errors on manual invoices and develop a plan to review and improve efforts to monitor contractor performance on pre-payment audits of household goods payments.

DFAS Comments

The Director, DFAS Indianapolis, agreed with the recommendation and stated that the DFAS Transportation Payment Office would work with GSA to obtain periodic reports of errors not identified by NTS pre-payment reviews. The Director stated that DFAS would analyze the errors and develop a plan to review and improve DFAS efforts to monitor NTS performance on prepayment audits of HHG payments. Estimated completion date is April 1, 2014.

b. Obtain information from the General Services Administration about overpayments and report the improper payments in accordance with Improper Payments Elimination and Recovery Act requirements.

DFAS Comments

The Director agreed with the recommendation and stated that DFAS would coordinate with GSA to obtain periodic information about HHG overpayments that should be included in annual reports on improper payments. Estimated completion date is April 1, 2014.

Our Response

The Director's comments on Recommendations A.2.a through A.2.b were responsive, and no further comments were required.

Finding B. Shipping Offices Data Processing Errors in Submitting Payment Information Increased Accounting Costs

DFAS identified that 142,636 of 229,411 HHG line items (62 percent) contained accounting errors that forced manual processing of payments during FY 2012. DFAS accounting technicians manually corrected these accounting errors, but at increased cost to the Military Departments and Defense Agencies.

Accounting errors occurred primarily because DoD shipment counselors overrode the controls of the DPS system and entered invalid data in the system, which required subsequent manual correction by DFAS accounting technicians. The DPS did not have controls to prevent the invalid system overrides by shipment counselors. Additionally, DPS training documents recommended the overrides be used. PPSO certifying officers did not identify and correct the errors and certified invoices with inaccurate accounting information.

As a result, manual processing of the errors cost the Military Departments and Defense Agencies about $2.6 million more than electronic payments. Eliminating the data processing errors could reduce future accounting costs for the Department. If the Department made needed improvements within the first year of the 6-year Future Years Defense Program, $13 million could be saved over the remaining 5 years (5 times $2.6 million).

Data Input Guidance

PPSO shipment counselor guidance and procedures for inputting shipment data were provided in the DPS Smart Book and the Defense Travel Regulation Part IV, chapter 401, "General Provisions," February 15, 2012. Business rules and process descriptions were provided in the Defense Personal Property Program "Line of Accounting" reference guide, July 2010.

DFAS HHG Billing Procedures

DFAS applied unique fees to work counts to determine the billings for its customers. Initially, Syncada flags incorrect and incomplete accounting data for manual review by DFAS personnel. The DFAS "Doing Business with DFAS Catalog of Services," November 30, 2011, provides detailed information on DFAS outputs and work counts that are used to determine customer billing rates. After determining the different work counts, DFAS applied unique fees to determine the billings for its customers. Specifically, DFAS classified their HHG work counts for billing purposes into two categories: Output 09 (manual intervention) and Output 49 (electronic).

- Output 09 included all lines of accounting used to pay vendor invoices in which the invoice was not electronically received into the entitlement system, requiring manual input by DFAS.
- Output 49 included all lines of accounting used to pay vendor invoices when the entitlement system electronically received the contract/modification, the invoice, and the receiving report (if required), and no manual input of those data elements into the entitlement systems occurred.

Data Entry Errors Increased Processing Costs

During FY 2012, PPSO shipment counselors made data processing errors related to shipments of household goods that required additional manual intervention by DFAS accounting technicians and increased accounting costs. As shown in Table 6, the input errors caused DFAS to manually correct 142,636 of the 229,411 line items it processed during FY 2012 throughout the Military Departments and Defense Agencies. The error rate of 62 percent was unacceptable. In addition, controls in Syncada required DFAS accounting technicians to manually intervene to correct these errors.

DFAS billed the Military Departments and Defense Agencies about $3.2 million to manually correct the errors.

Table 6. Line Items Requiring Manual Correction by DFAS

	FY 2012
Navy	67,065
Army	49,702
USAF	15,463
Other DoD	9,935
USMC	471
Total	**142,636**

The manual corrections resulted in increased fees to the Military Departments and Defense Agencies because manual processing was more expensive. Specifically, DFAS applied different fees for manual and electronic processing of transactions for its customers. As shown in Table 7, DFAS billing rates for manual intervention are much higher than the corresponding electronic rate.

Table 7. DFAS Billing Rates

	FY 2012	
	Manual	Electronic
Navy	$21.96	$4.18
Army	$21.28	$2.18
USAF	$26.13	$7.58
Other DoD	$22.31	$2.62
USMC	$24.26	$4.33

As shown in table 8, DFAS billed the Military Departments and Defense Agencies about $3.2 million to manually correct the errors. Had DFAS been able to process the line items electronically and without manual intervention, the Military Departments and Defense Agencies would have been billed about $2.6 million less in processing fees.

Table 8. Potential Reduced Costs via Electronic Processing During FY 2012

	Manual	Electronic	Cost difference
Navy	$1,472,747.40	$280,331.70	$1,192,415.70
Army	1,057,658.56	108,350.36	949,308.20
USAF	404,048.19	117,209.54	286,838.65
Other DoD	221,649.85	26,029.70	195,620.15
USMC	11,426.46	2,039.43	9,387.03
Total	**$3,167,530.46**	**$533,960.73**	**$2,633,569.73**

Shipment Counselors Used Invalid Data to Override Controls

Counselors entered invalid data into DPS to expedite the shipping process for Service members. DPS did not have effective controls to prevent counselors from entering invalid accounting data. In some instances, counselors used the DPS override feature to continue processing the shipment for the affected Service member because of invalid accounting data on travel orders and in the DFAS Transportation Global Edit Table.[4] Valid accounting data and accurate DPS data entry would have prevented manual input of line items that required correction by DFAS. Shipment counselors in the Military Departments input the necessary shipment information into DPS and reviewed data input by the Service member (self-counseled) but overrode the controls of the DPS system. Counselors entered invalid data in the system to force acceptance of the information, which required subsequent manual correction by DFAS.

Valid accounting data and accurate DPS data entry would have prevented manual input of line items that required correction by DFAS.

Audit trail information in DPS was insufficient. Specifically, DPS did not capture information on counselors that entered accounting data into the system, and counselors who overrode the system controls were not identifiable.

According to the Defense Personal Property Program "Line of Accounting" reference guide, July 2010, the most frequent errors input by counselors included:

- selecting the wrong organizational code, which states the branch of service paying for the move,
- using lowercase instead of the required uppercase, and
- using alpha characters in place of numeric.

DFAS Indianapolis Transportation Payment Office personnel concluded that the DPS override function, to correct error messages, was allowing erroneous data to bypass DPS quality controls.

[4] The DFAS Transportation Global Edit Table is a centralized repository that contains established lines of accounting. Per the DoD FMR, volume 10, chapter 13, "Commercial Transportation Payments," June 2011, each DoD Component is responsible for updating the Transportation Global Edit Table and ensuring the data are valid. DPS downloads the table to authenticate line of accounting information.

We reviewed a non-statistical sample of 20 transactions that DFAS manually corrected because of incorrect Line of Accounting information. Of the 20 transactions, 18 had invalid transportation account codes (TAC) in DPS. A TAC is an element of the line of accounting used by the Army and Navy. An incorrect TAC invalidates the entire line of accounting and requires a manual correction. DFAS Indianapolis Transportation Payment Office personnel must research available information, such as the Service members travel orders, to identify the correct TAC and line of accounting. In some cases, DFAS must contact the responsible transportation office to obtain the correct information.

DFAS Indianapolis Transportation Payment Office personnel also stated that DoD shipment counselors overrode the system and input a movement designator code in the place of a TAC. For example, on the PPSO-Fort Bliss March 2012 summary invoice, a shipment counselor had input movement designator code "7BE2" instead of a TAC. This error occurred on 487 line items, with payments totaling $220,600. In another example, the PPSO-Fort Jackson summary invoice for March 2012 included movement designator code "3AE2" instead of a TAC. This error occurred on 218 line items, totaling $187,229. In each case, DFAS Personal Property Exam Division personnel had to manually correct the accounting errors before reimbursing US Bank.

After the shipment counselors overrode the controls, PPSO certifying officers certified inaccurate accounting information before sending the information to DFAS. PPSOs at two locations were making efforts to correct the data before sending the data to DFAS. However, correcting the data was a time-consuming process that had to be completed within 5 days. For example, two PPSO-Washington personnel (a lead voucher examiner and a Non-Commissioned Officer), appointed by the Commanding Officer to review Syncada summary invoices,[5] indicated that about one half of their typical work day involved correcting accounting information errors. PPSO-Colorado Springs also had two full time staff members correcting summary invoices. In both cases, however, the PPSO personnel stated they did not have enough time to correct all the accounting errors before the summary invoice was certified by the Certifying Officer and sent to DFAS for payment. According to the Defense Transportation Regulation, part II, chapter 212, "Third Party Payment System Procedures," May 3, 2011, summary invoices must be certified within 5 days. Specifically, the summary invoice must be sent to the DFAS payment center in sufficient time (but no later than 5 calendar days of the availability date) to allow DFAS to process the summary invoice for payment, receive a refund for early payment, and avoid penalties under the Prompt Payment Act.

The certification of incorrect accounting data is contrary to the provisions in the DoD Financial Management Regulation, volume 10, chapter 13, "Commercial Transportation Payments," June 2011. Specifically, the certifying officer bears responsibility for reviewing and certifying the monthly invoice for payment. As part of the review, the certifying officer must identify any transactions that do not have a valid line of accounting. However, this identifying was not occurring, and 62 percent of the items processed by DFAS required correction.

---

[5] The summary invoice is a reimbursement to US Bank for payments previously made (and approved) to transportation service providers.

PPSO certifying officers are individuals designated in writing by the activity commander. DFAS and SDDC need to provide feedback to the PPSOs and their respective commanders that can be used to identify training opportunities for the certifying officers. In addition, DFAS should provide information on PPSO summary invoice accounting error rates to SDDC and the information should identify each PPSO, its respective error rate, and trend pattern.

Controls To Prevent Overrides Were Inadequate

DPS did not have controls to prevent system overrides by DoD shipment counselors, including automated flags to limit overrides. The system also needed to include an audit trail to support the reasons for overrides.

Shipment counselors frequently used improper coding on the summary invoices. For example, instead of entering the correct accounting information, counselors input invalid codes and alpha numeric characters (such as a string of x's). DFAS Personal Property Exam Division and SDDC Personal Property Division officials indicated nearly all the accounting errors were the result of counselors' overriding DPS controls and manually entering erroneous information. However, SDDC Personal Property Division officials could not identify the counselors. SDDC stated that DPS did not have an audit trail function to identify the individuals responsible for entering the invalid accounting data.

DPS did not have an audit trail function to identify the individuals responsible for entering the invalid accounting data.

Additionally, a Defense Personal Property Program training document recommended using an override for Army shipments. For example, Line of Accounting training for Army shipments states that the user should override the accounting information when a failed validation occurs. SDDC personnel needed to develop an automated checklist to replace existing training guidance to assist the PPSOs and counselors in avoiding system overrides. SDDC needs to coordinate with the Functional Review Board and initiate a system change request to limit the use of system overrides and establish an audit trail to trace the reasons for approved overrides.

Other DoD payment systems, such as the Defense Travel System, use automated controls that check the validity of entered data. These automated "checklists" aid DoD travelers and approving officials as they enter and review reimbursable travel expenses. For example, excess baggage costs would be flagged for review and not automatically approved. Eliminating the errors will improve the timeliness and accuracy of the certification process. SDDC needs to coordinate with the Functional Review Board and develop automated controls that check entered data to aid PPSOs and counselors in reviewing the accuracy of the data. In addition, SDDC should develop an action plan to reduce the occurrence of accounting errors by shipment counselors.

As part of that plan, SDDC should obtain feedback from DFAS Indianapolis on accounting errors. The feedback should identify the types and frequency of accounting errors by location. The action plan should include not only provisions for gathering and disseminating information on best practices at the high performing locations but also goals on reducing the errors and for identifying counselor training opportunities. SDDC should develop an interim training plan,

pending implementation of the system change request on overrides, to ensure that shipment counselors enter valid accounting data into DPS.

Reduced Accounting Costs

As shown in Table 8, eliminating the data processing errors could save the Military Departments and Defense Agencies $2.6 million per year in future processing fees. If the Department made needed improvements within the first year of the 6-year Future Years Defense Program, $13 million could be saved over the remaining 5 years (5 times $2.6 million).

Recommendations, Management Comments, and Our Response

Deleted and Renumbered Recommendations

As a result of management comments, we deleted draft Recommendation B.1.a. Draft Recommendations B.1.b. through B.1.f. have been renumbered as Recommendations B.1.a. through B.1.e.

B.1. We recommend the Commander, Surface Deployment and Distribution Command:

a. Provide information (in accordance with Recommendation B.2) on Personal Property Shipping Office accounting errors to the appropriate Personal Property Shipping Office activity commanders.

USTRANSCOM Comments

The Deputy Commander, USTRANSCOM, agreed to distribute PPSO accounting error reports (pending receipt from DFAS) to the appropriate Services.

b. Initiate a system change request, in coordination with the Defense Personal Property System Functional Review Board, to limit the use of system overrides.

USTRANSCOM Comments

The Deputy Commander, USTRANSCOM, agreed to initiate a system change request to limit the use of system overrides. The Deputy Commander indicated that this request would be combined with the system change request in Recommendation A.1.b, which has an estimated completion date pending award of the DPS contract in October 2013.

c. Establish an automated checklist, in coordination with the Defense Personal Property System Functional Review Board, to prevent improper overrides and maintain supporting documents to provide an audit trail to trace the reasons for approved overrides.

USTRANSCOM Comments

The Deputy Commander agreed to initiate a system change request to establish an automated checklist and to provide an audit trail for approved overrides. The Deputy Commander indicated

that this request would be combined with the system change request in Recommendation A.1.b, which has an estimated completion date pending award of the DPS contract in October 2013.

Our Response

The Deputy Commander's comments on Recommendations B.1.a through B.1.c were responsive, and no further comments were required.

d. Develop an action plan with goals and metrics to reduce the occurrence of accounting errors by shipment counselors. The plan should identify best practices and areas that would benefit from additional training. The plan should also update current training documents and eliminate, wherever possible, instructions on performing system overrides.

USTRANSCOM Comments

The Deputy Commander disagreed with the recommendation and stated that goals, metrics, and counselor training are the responsibility of each Service. However, the Deputy Commander also stated that SDDC would analyze PPSO accounting error reports provided by DFAS and provide feedback to the Services that could be used to develop goals and metrics.

Our Response

Although the Deputy Commander disagreed with the recommendation, she did agree to provide information on PPSO accounting errors to the Services. Providing feedback on PPSO accounting errors will help identify the best performers and those needing improvement. In comments to Recommendation B.1.e, the Deputy Commander also indicated the Services had updated counselor training documents. The Deputy Commander and the Services have endorsed the essential elements of the action plan—sharing key performance data and updating training documents. The intent of the recommendation was met, and no further comments were required.

e. Develop an interim training plan, pending implementation of the system change request on overrides so that shipment counselors enter valid accounting data into the Defense Personal Property System.

USTRANSCOM Comments

The Deputy Commander disagreed with the recommendation and stated that counselor training is the responsibility of the PPSO. The Deputy Commander also stated that each Service had created instructional guides to reinforce how counselors process valid information in the system.

Our Response

The Deputy Commander provided information indicating an interim training plan was unnecessary in part because the Services had developed unique instructional guides for its shipment counselors. The instructional guides, according to the Deputy Commander, emphasize the process for entering valid information into DPS. Entering valid data should also reduce the frequency of system overrides by shipment counselors. The information provided by the Deputy Commander indicated that the Services had taken action to improve training as intended by the recommendation, and no further comments were required.

B.2. We recommend the Director, Defense Finance and Accounting Service, provide information on Personal Property Shipping Office summary invoice accounting error rates to the Commander, Surface Deployment and Distribution Command. The information should identify each Personal Property Shipping Office, its respective error rate, and trend pattern.

DFAS Comments

The Director, DFAS Indianapolis, agreed to provide information on PPSO error rates and trend patterns to SDDC. He also agreed that the information would be useful for training certifying officers. Estimated completion date is April 1, 2014.

Our Response

The Director's comments were responsive, and no further comments were required.

Appendix A. Scope and Methodology

We conducted this performance audit from February 2012 through March 2013 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We obtained information on HHG pre-payment audits for the period July 2010 through March 2012 from GSA. GSA segregated the information into two categories: electronic (Syncada) invoices and paper invoices. In aggregate, GSA provided information on 15,081 electronic invoices (total value of $12.7 million) and 1,313 paper invoices (total valued of $1.2 million). We sorted each category by dollar value and selected a non-statistical sample of 60 overpayments including the 50 largest electronic invoices and 10 largest paper invoices. See Appendix B for the shipment details related to the 60 overpayments. We visited DFAS Indianapolis and SDDC to verify the information provided by GSA and to determine the root cause for 60 of the overpayments identified by GSA. Specifically, we reviewed each of the sample items and determined whether the invoice dates exceeded the 3-year statute of limitations, whether the payment was a duplicate, and whether the overpayment was because of a weight adjustment error.

We obtained on-line access to DPS during the audit and verified information from our sample items within DPS. We also observed the approval of invoices at PPSOs.

We obtained Syncada summary invoices on 116 DoD HHG accounts from US Bank. We analyzed the invoices and summarized carrying balances, interest payment amounts, and quantified the total number of transactions processed electronically and those requiring manual intervention by DFAS. We selected a non-statistical sample of 20 manual transactions (2 each from 10 accounts with the most manual line items) that had invalid and incorrect accounting information.

We obtained FY 2012 work count information and billing rates from DFAS Indianapolis. We analyzed the work counts and calculated the FY 2012 billings for DFAS customers.

We visited PPSO locations in Colorado Springs, Colorado, and Ft Belvoir, Virginia. We also obtained information via e-mail from PPSO Norfolk, Virginia and Puget Sound, Washington. Information we obtained included summary invoices, quality assurance procedures, and reweigh results.

We reviewed DoD, SDDC, and DFAS guidance on processing HHG shipment invoices, using a third party payment system, Antideficiency Act violations, and reporting improper payments.

Use of Computer-Processed Data

To perform this audit, we used data from US Bank's Syncada system (third party payment system). We relied on computer-processed data in Syncada to achieve our audit objectives. Specifically, for purposes of the audit, we obtained information from PowerTrack Summary Invoices. We reviewed Ernst and Young's assurance report on Syncada (period October 1, 2010, through September 30, 2011). Based on the testing performed by Ernst and Young, we concluded the computer-processed data obtained from Syncada were reliable and would have no effect on the project objectives.

We also used data from DFAS entitlement systems (Computerized Accounts Payable System and Defense Transportation Payment System) and SDDC personal property systems (DPS and Central Web Application). We evaluated the reliability of the data on a case by case basis and found it to be suitably reliable to accomplish the audit objectives. Specifically, for each of the 60 sample items, we obtained corroborating information, such as Government bills of lading, Syncada payment records, and GSA account receivable queries that collectively established the reliability of the data.

Use of Technical Assistance

Personnel from the Quantitative Methods Division assisted us in evaluating overpayment data provided by GSA. Additionally, personnel from the Office of General Counsel assisted us in evaluating potential Antideficiency Act violations.

Prior Coverage

During the last 5 years, the U.S. Army Audit Agency issued two reports discussing DoD personal property shipments. Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at https://www.aaa.army.mil/.

Army

Army Audit Agency Report A-2010-0219, "Internal Controls Over Personal Property Shipment Costs – DoD," September 30, 2010

Army Audit Agency Report A-2010-0177, "Internal Controls Over Personal Property Shipment Costs – Army," September 16, 2010

Appendix B. Overpayments Reviewed

We reviewed 60 of the largest overpayments identified and recovered by GSA. Specifically, we reviewed the 50 largest Syncada invoices and the 10 largest paper invoices. Syncada invoices are subject to PPSO pre-payment review and approval. DFAS used a contractor, NTS, to perform pre-payment audits of paper invoices.

Syncada Invoices

1. Shipment No. JENQ0000569. GSA determined Washburn Storage, Inc. submitted an erroneous invoice for a bunker surcharge of $45,540. The invoice included a data entry error, and the Puget Sound Personal Property Shipping Office (PPSO) official should not have approved the invoice for payment. GSA issued an overcharge notice and asked for supporting documentation for the excessive charge, but did not receive the supporting documentation.

2. Shipment No. ZX407134. Hill Moving Services, Inc. failed to submit a $44,509 invoice before the 3-year statute of limitations expired. GSA indicated that the last activity of linehaul was on April 10, 2007 and that the next invoicing activity was on May 7, 2010, which exceeds the 3-year statute. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

3. Shipment No. ZX145704. GSA determined Hill Moving Services, Inc., failed to submit a $26,551 invoice before the 3-year statute of limitations expired. The TSP delivered the shipment on June 19, 2006, but did not invoice until July 1, 2010, which exceeds the 3-year statute. The Puget Sound PPSO official failed to identify the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

4. Shipment No. ZX144957. GSA determined Hill Moving Services, Inc., failed to submit a $23,381 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of March 12, 2010, is more than 3 years after the delivery date of November 22, 2006. The Puget Sound PPSO official failed to identify the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

5. Shipment No. HAFC0011491. GSA determined Coleman American Moving Services, Inc., submitted an erroneous invoice for $22,758. SDDC determined that the San Antonio PPSO official correctly denied the invoice; however, DPS erroneously rated and approved the invoice for payment. The PPSO official failed to detect that DPS incorrectly approved the invoice for payment, even after the approving official's denial.

6. Shipment No. ZX407737. GSA determined Hill Moving Services, Inc., failed to submit a $19,668 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of July 21, 2010, is more than 3 years after the delivery date of June 27, 2007. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

7. Shipment No. KQ159360. GSA determined AAA Moving & Storage, Inc., submitted an invoice for $18,629 in excessive crating charges without providing documentation. The Guam PPSO official incorrectly approved the invoice for payment. SDDC concurred and also identified an additional invoice with an overcharge related to the shipment.

8. Shipment No. ZX275774. GSA determined Hill Moving Services, Inc., failed to submit an $18,884 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of July 1, 2010, is more than 3 years after the delivery date of June 1, 2006. The Fort Lewis PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

9. Shipment No. KQ146385. GSA determined Perfect Pak Co., submitted two invoices with identical charges on March 11, 2011. The Pearl Harbor PPSO official failed to identify the duplicate invoices and incorrectly approved payment on both, which resulted in an $18,400 overpayment.

10. Shipment No. AGFM0009740. GSA determined Coleman American Moving Services, Inc., submitted an erroneous invoice for $18,290 based on a data entry error. SDDC determined that the TSP inappropriately entered the weight of the shipment in the rate field. The New England PPSO official should have identified the error and denied payment of the invoice.

11. Shipment No. ZX146370. GSA determined Hill Moving Services, Inc., failed to submit invoices totaling $17,606 before the 3-year statute of limitations expired. Specifically, the invoice creation date of January 21, 2010, exceeds the 3-year statute after the delivery date of June 28, 2006. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

12. Shipment No. APAT0000031. GSA determined Coleman American Moving Services, Inc., submitted an erroneous invoice for $16,938 because of a data input error. The TSP submitted an invoice with a 538,000 percent fuel surcharge (FSC) instead of the correct 1 percent FSC. The Fort Dix PPSO official rejected the original submission of the FSC. The TSP then resubmitted the invoice with the 538,000 percent FSC, and the PPSO official incorrectly approved it. Additionally, the TSP submitted the correct FSC of $7.49, and the invoice was approved by the PPSO. The Fort Dix PPSO official correctly rejected the first erroneous invoice but failed to identify the extraordinary FSC again on the second invoice and therefore inappropriately approved the second invoice for payment.

13. Shipment No. BKMT0002607. GSA determined Coleman American Moving Services, Inc., submitted an erroneous invoice for $16,931 because of a data entry error. The TSP incorrectly invoiced for 3,256 days of additional storage in transit (SIT) instead of the correct 6 days. The Camp Lejeune PPSO official inappropriately approved the invoice for payment that included the 3,256 days of additional SIT.

14. Shipment No. HAFC0005222. GSA determined Coleman American Moving Services, Inc., overcharged DoD by $16,345 because the TSP failed to use the correct shipment code for the shipment. Specifically, the TSP invoiced the shipment as International Door-to-Container

(Code 3) instead of International Land-Air-Land Baggage (Code 8). The San Antonio PPSO official should have identified that the shipment was not a Code 3 shipment. Additionally, SDDC determined GSA incorrectly calculated the overcharge by using a weight of 1,490 pounds instead of the correct 840 pounds. The PPSO official should have identified the incorrect weight.

15. Shipment No. ZX145694. GSA determined Hill Moving Services, Inc., failed to submit a $16,070 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of July 6, 2010, is more than 3 years after the delivery date of July 12, 2006. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

16. Shipment No. ZX406232. GSA determined Hill Moving Services, Inc., failed to submit a $15,630 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation dates of May 20, 2010, and June 8, 2010, are more than 3 years after the delivery date of December 29, 2006. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

17. Shipment No. ZX408137. Hill Moving Services, Inc., failed to submit a $14,302 invoice before the 3-year statute of limitations expired. Specifically, the delivery date was on May 25, 2007, and the TSP did not invoice for payment until July 12, 2010, and July 13, 2010, which exceeds the 3-year statute. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

18. Shipment No. BGAC0003525. GSA determined Coleman American Moving Services, Inc., submitted two invoices with identical $13,242 linehaul adjustment claims on November 12, 2009, and February 23, 2011. The Fort Belvoir PPSO official failed to identify and deny the duplicate second invoice.

19. Shipment No. ZX166931. GSA determined that the entire invoice submitted by A Columbia Forwarders, Inc., comprised duplicate charges on prior invoices. The Miami PPSO official failed to identify $12,627 in duplicate charges.

20. Shipment No. CNNQ0000513. GSA determined Coleman American Moving Services invoiced $12,573 for the shipment's linehaul on January 12, 2010, and again for the same amount as a linehaul adjustment on December 6, 2010. On the December invoice, the TSP indicated it would invoice again for a refund of the original linehaul charge. SDDC determined the refund was never invoiced, and the Jacksonville PPSO official should not have approved the duplicate invoice.

21. Shipment No. ZX145403. GSA determined Hill Moving Services, Inc., failed to submit a $12,304 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of May 25, 2010, is more than 3 years after the delivery date of July 3, 2006. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

22. Shipment No. QENQ0000936. Washburn Storage, Inc., originally submitted an erroneous linehaul charge, and the Yokosuka PPSO official correctly denied it. GSA determined the TSP then invoiced for the correct linehaul twice and the PPSO inappropriately approved both invoices. The overcharges totaled $11,975.

23. Shipment No. KQ216979. GSA determined Crystal Forwarding, Inc., submitted an erroneous invoice because of a data input error. SDDC determined that the TSP incorrectly entered the shipment weight into Central Web Application, which caused the Central Web Application rating tool to cost line items 100 times the correct amount. The JPPSO Colorado Springs official incorrectly approved the erroneous invoice that led to an overpayment of $11,844 to the TSP. Also, SDDC determined that GSA did not identify all the overcharges on the invoice.

24. Shipment No. ZX408599. Hill Moving Services, Inc., failed to submit the $11,798 invoice before the 3-year statute of limitations expired. Specifically, the last activity of linehaul was on June 24, 2007, and the next activity of invoicing was not until July 22, 2010, which exceeds the 3-year statute. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

25. Shipment No. PBNQ0003132. GSA determined Coleman American Moving Services, Inc., was not eligible to invoice $11,711 for linehaul charges because the shipment was terminated at origin. The Guam PPSO official should not have approved the disallowed charges.

26. Shipment No. HAFC0016177. GSA determined Quality Moving Services, Inc., invoiced $11,654 for the linehaul on November 2, 2010, and again for the same amount as a linehaul adjustment on November 12, 2010. The San Antonio PPSO official should not have approved the duplicate charge. Additionally, SDDC determined that both of the invoices submitted by the TSP were erroneous because of a data input error. Specifically, the TSP invoiced using the incorrect weight of 11,380 pounds instead of the correct weight of 4,097 pounds. SDDC determined that the total overcharge was actually $19,113 and started recovery efforts.

27. Shipment No. KDAK0000943. GSA determined AAA Moving & Storage, Inc., used an incorrect weight to calculate a linehaul charge, which led to $5,815 in overcharges. The Fort Huachuca PPSO official should have identified the incorrect weight before certifying the invoice for payment. Additionally, the TSP refunded the entire invoice associated with the overcharge. In total, the TSP refunded $14,274.63 for the shipment.

28. Shipment No. WFFL0001917. GSA determined Accelerated Intl Forwarders, LLC, was not eligible to invoice $11,644 for linehaul, bunker surcharge, and FSC because the shipment was terminated at origin SIT location. Because the delivery never occurred, the responsible destination office official at the Fort Belvoir PPSO should have denied the charges.

29. Shipment No. QFAC0000413. GSA determined AAA Moving & Storage, Inc., invoiced $11,479 for a linehaul on April 1, 2010, and again for the same amount as a linehaul adjustment on January 19, 2011. The Camp Zama PPSO official should not have approved payment of the duplicate charge.

30. Shipment No. QENQ0000733. GSA determined B & B Forwarding, Inc., invoiced multiple times for three line items. Consequently, the TSP submitted $11,365 in overcharges. The Yokosuka PPSO official should not have approved and paid the duplicate charges.

31. Shipment No. WFFL0000542. GSA determined Accelerated Intl Forwarders, LLC, was not eligible to invoice for $10,819 in linehaul charges because the shipment was terminated at origin. The Spangdahlem PPSO official should have denied the charges.

32. Shipment No. BGAC0021480. Quality Moving Services, Inc., incorrectly invoiced using the original weight of the shipment. After a reweigh showed the shipment was 4,716 pounds lighter than originally invoiced, the TSP submitted a linehaul refund along with an additional linehaul charge to atone for the reweigh. However, the TSP made an error, refunded what should have been the correct charge, and once again invoiced the incorrect charge. The Fort Belvoir PPSO official should have detected the $10,639 invoicing error and directed the TSP to correct the invoice. Additionally, SDDC indicated GSA failed to identify and recover FSC overcharges originating from the weight adjustment.

33. Shipment No. JY166440. GSA determined Davidson Forwarding Company invoiced for all charges on September 10, 2010, and again invoiced many of the same charges as "Miscellaneous Charge" on November 9, 2010. The duplicate invoices led to $10,579 in overcharges. The Fort Lewis PPSO official should not have approved payment of the duplicate charges. SDDC indicated that the PPSO should have immediately questioned the charges because they were listed as "miscellaneous."

34. Shipment No. JY025811. GSA determined Clune Transfer, Inc., used incorrect mileage to calculate a linehaul charge, which led to $10,515 in overcharges. Specifically, the TSP rated a shipment at 1,683 miles instead of the correct 799 miles. The Fort McPherson/Fort Gillem PPSO official should have identified the error and disallowed the charge.

35. Shipment No. AGFM0016423. GSA determined Quality Moving Services, Inc., invoiced identical $9,578 linehaul adjustment charges on December 28, 2010, and January 6, 2011. The New England PPSO official should have identified the error and disallowed the duplicate charge.

36. Shipment No. MBFL0002359. GSA determined Planes Moving & Storage, Inc., invoiced $9,418 for a linehaul and FSC on February 22, 2011, and again for the same amount on March 1, 2011. The Anchorage PPSO official should have identified that the second invoice was a duplicate and disallowed the charges.

37. Shipment No. KKFA0009830. GSA determined Deseret Forwarding Intl., Inc., submitted an erroneous invoice because of a data input error, which caused $9,222 in overcharges. The TSP incorrectly used the actual weight, instead of the hundredweight (CWT),[6] to calculate the linehaul charge. This caused the linehaul to be 100 times more than the correct amount. The Colorado Springs PPSO official should not have approved the erroneous invoice.

---

[6] A hundredweight, or CWT, is equal to 100 pounds.

38. Shipment No. HAFC0013361. GSA determined Coleman American Moving Service, Inc., invoiced $9,144 for a linehaul on March 15, 2010, and again for the same amount as a linehaul adjustment on August 7, 2010. On the August 7, 2010, invoice, the TSP indicated it would invoice again for a refund of the original linehaul charge. SDDC determined the refund was never invoiced, and the San Antonio PPSO official should not have approved the duplicate invoice.

39. Shipment No. WKFS0004156. GSA determined Coleman American Moving Service, Inc., submitted an erroneous invoice because the TSP used the wrong weight, which caused $8,945 of overcharges. The TSP calculated the linehaul charge using a 72.8 CWT instead of the correct 6.06 CWT. The Kaiserslautern PPSO official should have identified the error and disallowed the charge.

40. Shipment No. KKFA0020837. GSA determined Patriot Forwarders, Inc., submitted an erroneous invoice because of a data input error, which led to $9,767 in overcharges. The TSP calculated the linehaul charge using an 84.6 CWT instead of the correct 7.15 CWT. The Colorado Springs PPSO should have identified the error and disallowed the charge.

41. Shipment No. ZX405689. GSA determined Hill Moving Services, Inc., failed to submit an $8,738 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of May 11, 2010, is more than 3 years after the delivery date of February 1, 2007. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

42. Shipment No. WKAS0000671. GSA determined RE/MAX Allegiance Relocation Services invoiced a linehaul based on the original CWT of 194.8 and did not adjust the charges after a reweigh the showed the shipment was 139.4 CWT. This caused $8,678 in overcharges. The European Theater PPSO official should have identified the error and disallowed the charge.

43. Shipment No. ZX145659. GSA determined Hill Moving Services, Inc., failed to submit an $8,678 invoice before the 3-year statute of limitations expired. Specifically, the invoice creation date of July 1, 2010, is more than 3 years after the delivery date of June 27, 2006. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

44. Shipment No. APAT0003580. GSA determined AAA Heartland Express submitted two invoices with identical charges of $8,542 on November 2, 2011, and November 16, 2011. The Fort Dix PPSO official failed to identify the duplicate invoices and incorrectly approved payment on both.

45. Shipment No. ZX406623. Hill Moving Services, Inc., failed to submit an $8,513 invoice before the statute of limitations expired. Specifically, the last activity of linehaul was delivery out of SIT on January 25, 2007, and the next activity of invoicing was on July 12, 2010, which exceeds the 3-year statute. The Puget Sound PPSO official failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

46. Shipment No. LFMT0001393. GSA determined Coleman American Moving Services, Inc., incorrectly invoiced the linehaul, SIT, and FSC using the estimated weight of 10,000 pounds instead of the net weight of 3,170 pounds and thus overcharged DoD by $8,459. The Camp Pendleton PPSO official should have recognized the erroneous charge and denied the invoice. Additionally, the TSP improperly invoiced the charges under "Miscellaneous Charge." SDDC officials indicated that the "Miscellaneous Charge" should have brought added scrutiny of the invoice.

47. Shipment No. ZX247179. Pullen Moving Company, Inc., failed to submit an $8,345 invoice before the 3-year statute of limitations expired. Specifically, the last activity of linehaul was delivery out of SIT on September 21, 2006, and the next activity of invoicing was on January 11, 2010, which exceeds the 3-year statute. The Fort Belvoir PPSO failed to identify that the statute of limitations had expired and therefore incorrectly approved the invoice for payment.

48. Shipment No. BGNC0004026. Arpin International Group, Inc., used the combined estimated and actual weights to calculate the linehaul rate. GSA determined that the incorrect weight led to $8,208 in overcharges. The Norfolk PPSO official failed to identify the error and incorrectly approved the invoice. Additionally, SDDC started recovery efforts after determining GSA did not recover an overcharge related to the FSC.

49. Shipment No. JEAT0002868. GSA determined Stevens Transportation Co, Inc., erroneously calculated the SIT charges which caused $8,572 in overcharges. The Fort Lewis PPSO official should have identified the errors and denied payment.

50. Shipment No. ZX951326. GSA determined Glacier Forwarding, Inc., used incorrect mileage to calculate invoice charges and overcharged DoD by $8,129. The Anchorage PPSO official should have identified the mileage errors and denied the charges.

Paper Invoices

1. Shipment No. ZX737201. Andrew Van Lines, Inc., submitted invoices on January 8, 2009, and February 23, 2009. GSA determined that $21,218 of the charges on the February 23, 2009, invoice were duplicate of charges on the first invoice. NTS prepayment audits should have identified the duplicate charges and denied payment to the TSP.

2. Shipment No. GQ120714. GSA determined Gridiron Forwarding Co, Inc., submitted an erroneous invoice because of a data input error, which led to $11,065 in overcharges. Specifically, the TSP erroneously used a linehaul rate of 252.29 instead of the correct rate of 175.5. SDDC could not verify all the charges for the shipment because the invoice was handled manually through DFAS. NTS prepayment audits should have denied payment to the TSP.

3. Shipment No. ZX597801. GSA determined United Van Lines, LLC, calculated a linehaul using the incorrect weight and overcharged DoD by $7,928. Specifically, the TSP did not amend the linehaul charge after a reweigh indicated a lower shipment weight.

4. Shipment No. ZX990694. GSA determined Henderson Transfer Co, Inc., submitted identical linehaul and SIT charges through both PowerTrack and a manual invoice, which caused $6,559 in overcharges. According to GSA, PowerTrack was the correct payment mode, and the NTS prepayment auditor should have denied the duplicate manual invoice.

5. Shipment No. ZY395832. GSA determined Allied Freight Forwarding, Inc., was erroneously paid $5,508 more than it invoiced. Additionally, SDDC determined the TSP made errors calculating the linehaul as well as charging for packing and unpacking.

6. Shipment No. GQ118762. GSA determined Senate Forwarding, Inc., incorrectly invoiced $5,451 for crating charges associated with another shipment (GQ092328). NTS should have recognized that crating charges were not allowed and that crates did not appear on the weight certificate for the invoiced shipment.

7. Shipment No. GQ087173. GSA determined American Vanpac Carriers, Inc., received duplicate payments on charges totaling $5,123. SDDC could not determine which charges were duplicates, because the invoice was handled manually through DFAS.

8. Shipment No. ZY924416. Atlas Forwarding, Inc., was paid for invoices on August 20, 2007, and September 27, 2007. GSA determined that $4,922 of charges on the second invoice were also on the first invoice.

9. Shipment No. ZX982298. GSA determined Meramec Valley Transport, LLC, calculated the linehaul using the incorrect weight and overcharged DoD by $4,992. Specifically, the TSP did not amend the SIT charge after a reweigh indicated a lower shipment weight. Additionally, SDDC began recovery efforts after determining GSA failed to identify an additional $2,277 of overcharges on the invoice.

10. Shipment No. ZX980750. GSA determined Suddath Van Lines, Inc., was overpaid $4,502 as a result of the TSP's failure to adjust linehaul charges after a reweigh and because of duplicate payments made by DFAS.

United States Transportation Command Comments

UNITED STATES TRANSPORTATION COMMAND
508 SCOTT DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

19 April 2013

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: TCDC

SUBJECT: DODIG Draft Report, Efforts to Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement (Project No. D2012-D000DC-0098.000), dated March 15, 2013

1. The United States Transportation Command (USTRANSCOM) and Surface Deployment and Distribution Command (SDDC), have reviewed subject report and provide the responses contained in the attachment.

2. For additional information or assistance, please contact [redacted] at [redacted] or email: [redacted] or [redacted]

KATHLEEN M. GAINEY
Lieutenant General, U. S. Army
Deputy Commander

Attachment:
USTRANSCOM/SDDC Response

cc:
TCAQ
SDDC

United States Transportation Command Comments

Final Report Reference

Efforts to Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement. Project No. D2012-D000DC-0098.000

Recommendation A.1.a: Obtain information on electronic invoice overpayments from the General Services Administration to measure compliance with payment approval procedures by Personal Property Shipping Offices (PPSOs) using information from the General Services Administration post-payment audits.

USTRANSCOM Response: Concur – SDDC has been collaborating with GSA to develop a system that provides any notice of overcharges issued to Transportation Service Provider (TSPs). Progress has been made, however this will be a continuous process to identify new problems as they arise. This information will be used to inform PPSOs what areas Notice of Overcharges (NOCs) are occurring. SDDC is developing a process to monitor and minimize overpayments.

Recommendation A.1.b: Initiate system change requests to assist Personal Property Shipping Offices in identifying statute of limitations violations, duplicate payments, and weight limit infractions.

USTRANSCOM Response: Concur - SDDC is developing a Defense Personal Property System (DPS) System Change Request (SCR) for the invoicing module to identify shipments outside of the 3 year limitation, duplicate payments and weight limit infractions. Estimated completion date is unknown pending award of DPS contract in Oct 2013.

Recommendation A.1.c: Implement a program to routinely collect and distribute information on reweigh best practices amongst the Personal Property Shipping Offices.

USTRANSCOM Response: Concur - SDDC is developing a reweigh program template for PPSOs to tailor to their specific needs. Estimated completion date is May 2013.

Recommendation B.1.a: Develop training for Personal Property Shipping Office certifying officers to improve compliance with provisions in the DoD Financial Management Regulation volume 10, chapter 13, "Commercial Transportation Payments," June 2011.

Deleted

USTRANSCOM Response: Nonconcur - Certifying official training is the responsibility of each Service headquarters finance representative in conjunction with Defense Finance and Accounting Office (DFAS). DFAS accomplishes its training through US Bank for certifying officials. Each Service is responsible for training their counselors in proper Line of Accounting (LOA) entry procedures.

Recommendation B.1.b: Provide information (in accordance with Recommendation B.2) on Personal Property Shipping Office accounting errors to the appropriate Personal Property Shipping Office activity commanders.

Renumbered to Recommendation B.1.a

USTRANSCOM Response: Concur – SDDC will distribute PPSO accounting error reports when received from DFAS as recommended in B.2 and provide to each Service.

Recommendation B.1.c: Initiate a system change request, in coordination with the Defense Personal Property System Functional Review Board, to limit the use of system overrides.

Renumbered to Recommendation B.1.b

United States Transportation Command Comments

Final Report Reference

Efforts to Minimize Improper Payments for the Shipment of Household Goods Were Generally Effective But Needed Improvement. Project No. D2012-D000DC-0098.000

USTRANSCOM Response: Concur – SDDC will include in the SCR identified in A.1.b to limit the use of system overrides.

Recommendation B.1.d: Establish an automated checklist, in coordination with the Defense Personal Property System Functional Review Board, to prevent improper overrides and maintain supporting documents to provide an audit trail to trace the reasons for approved overrides.

Renumbered to Recommendation B.1.c

USTRANSCOM Response: Concur – SDDC will add a requirement to the SCR to provide an automated checklist which will produce an audit trail for approved overrides. The Defense Personal Property System Functional Review Board approves and prioritizes the SCR.

Recommendation B.1.e: Develop an action plan with goals and metrics to reduce the occurrence of accounting errors by shipment counselors. The plan should identify best practices and areas that would benefit from additional training. The plan should also update current training documents and eliminate, wherever possible, instructions on performing system overrides.

Renumbered to Recommendation B.1.d

USTRANSCOM Response: Nonconcur - Goals and metrics as well as counselor training are the responsibility of each Service. However, as stated in Recommendation B.1.b. when DFAS provides PPSO accounting error data reports, SDDC will analyze to identify any trends and provide to each Service for development in their specific goals and metrics.

Recommendation B.1.f: Develop an interim training plan, pending implementation of the system change request on overrides, to ensure shipment counselors enter valid accounting data into the Defense Personal Property System.

Renumbered to Recommendation B.1.e

USTRANSCOM Response: Nonconcur - Counselor training is the responsibility of the local installation/PPSO and each Service has created how-to guides that reinforce how counselors process valid information in the system.

Defense Finance and Accounting Service Comments

DEFENSE FINANCE AND ACCOUNTING SERVICE
8899 EAST 56TH STREET
INDIANAPOLIS, INDIANA 46249

APR 2 4 2013

DFAS-JBK/IN

MEMORANDUM FOR DIRECTOR, DEPARTMENT OF DEFENSE, OFFICE OF INSPECTOR GENERAL

SUBJECT: Draft Report, Efforts to Minimize Improper Payments for the Shipment of Household Goods were Generally Effective but Needed Improvement – D2012–D000DC–0098

The Defense Finance and Accounting Service Indianapolis is providing management comments for recommendations A.2.a, A.2.b, and B.2 of the subject audit draft report.

My point of contact for this action is [redacted] who can be reached at [redacted]

For Aaron P. Gillison
Director, DFAS-IN

Attachment:
As stated

Defense Finance and Accounting Service Comments

Efforts to Minimize Improper Payments for the Shipment of Household Goods were Generally Effective but Needed Improvement (D2012–D000DC–0098)

Recommendation A.2.a: Obtain information from the General Services Administration (GSA) about errors on manual invoices and develop a plan to review and improve efforts to monitor contractor performance on pre-payment audits of household goods payments. Agreement in order to obtain a monthly or quarterly report that identifies the errors on manual invoices.

Management Comments: Concur. Defense Finance and Accounting Service Indianapolis (DFAS-IN) Transportation Payment Office (TPO) will work with GSA in order to obtain, on a recurring basis, a report of errors identified during their post-payment review of paper invoices that were subject to National Traffic Service (NTS) pre-payment reviews. Once we receive this information, we will review the GSA identified errors to pinpoint the types, frequency and possible causes of errors missed during the NTS pre-payment review process. The results of our review will provide the data necessary for us to develop a plan to review and improve our efforts to monitor NTS performance on pre-payment audits of Household Goods (HHG) payments.

Estimated Completion Date: April 1, 2014

Recommendation A.2.b: Obtain information from the GSA about over-payments and report the improper payments in accordance with Improper Payments Elimination and Recovery Act (IPERA) requirements.

Management Comments: Concur. DFAS-IN will coordinate with GSA to obtain, on a recurring basis, information about HHG over-payments identified during GSA's post-payment review of paper invoices to determine if they should be reported as improper payments. All identified over-payments classified as improper payments will be included in our annual report of improper payments.

Estimated Completion Date: April 1, 2014

Recommendation B.2: We recommend the Director, DFAS-IN provide information on Personal Property Shipping Office (PPSO) summary invoice accounting error rates to the Commander, Surface Deployment and Distribution Command (SDDC). The information should identify each PPSO, its respective error rate, and trend pattern.

Management Comments: Concur. DFAS-IN agrees that error rate and trend pattern feedback would provide information useful for the Commander, SDDC when training certifying officers. We will work with our Information and Technology area to develop a systemic process for retrieving and providing PPSO's error rates and trend patterns to the SDDC.

Estimated Completion Date: April 1, 2014

Inspector General
Department of Defense