



September 29, 2006

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VICE PRESIDENT, FINANCE, CONTROLLER

SUBJECT: Postal Service Officers Travel Expense Guidelines  
(Product Number FT-WP-06-001)

This white paper provides the results of our review of the current U.S. Postal Service officers travel expense guidelines (Project Number 06BD020FT001). We performed this review in response to a request from Postal Service management to evaluate whether travel guidelines for its officers were reasonable when compared to other entities' travel policies.<sup>1</sup> The U.S. Postal Service Office of Inspector General (OIG) Financial Statements directorate performed the review with Postal Service Finance personnel.

During this review, we determined whether the officers travel guidelines corresponded to travel guidelines prescribed by other federal and local government entities, private corporations, not-for-profit organizations, and trade journals. (See Appendix A for the entities and sources against which we benchmarked.) We met regularly with Finance personnel to provide feedback on our benchmarking results and discuss potential changes to the current guidelines. Further, with Finance, we coordinated with the Secretary of the Board of Governors to ensure any differences in Board of Governors travel guidelines (currently under modification) and changes to the officers travel guidelines are reasonable and appropriate.

In general, the travel guidelines the Postal Service instituted for its officers were not always consistent with travel guidelines prescribed by the entities and sources against which we benchmarked. Based on our benchmarking, we determined the guidelines did not always incorporate key best practices such as:

- Requiring all employees to use their government-issued travel card for customary<sup>2</sup> travel expenses.
- Excluding reimbursement for alcoholic beverages or providing specific exceptions.
- Providing generally accepted practices for tipping.
- Establishing limits related to meals, lodging, and incidental charges in conduct of travel and/or representation.

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<sup>1</sup> The travel policies obtained from outside sources were travel policies used for all employees, including officers.

<sup>2</sup> Common carrier transportation, hotel, and car rental.



- Disallowing employees to accept lump sum points for scheduling an official conference or group travel.
- Using a designated agent when making travel arrangements.

The results of our detailed analysis are presented in Appendix B. Based on our analysis, we offer the following suggestions for the Postal Service to consider when updating the officers travel guidelines:

- Require government-issued travel card for payment of all customary travel expenses and representation expenses.
- Prohibit reimbursement for alcoholic beverages.
- Establish specific guidelines for tipping.
- Establish a per diem or maximum allowable amount for meals and lodging when traveling and meals are part of representation expenses.
- Incorporate the 50-mile rule for overnight stays.
- Establish specific criteria for allowable laundry and dry cleaning, health club, and business center expenses.
- Prohibit acceptance of promotional benefits for planning and/or scheduling of meetings and conferences.
- Require coach class for air travel, with specific exceptions (for things such as length of flight or medical needs).
- Use a designated agent when making travel arrangements.
- Refer employees to Management Instruction FM-640-2001-4, *Payment for Meals and Refreshments* (which further defines business meals) for a clear and consistent framework for reimbursing such representation expenses.
- Require detailed receipts listing meals, tips, and other costs supporting representation expenses.
- Add a reference to Handbook F-15, *Travel and Relocation*; Management Instruction FM-530-2001-1, *Use of Postal Vehicles for Home-to-Work Transportation*; and Management Instruction FM-530-2001-3, *Use of Chauffeurs at Headquarters and Designated Drivers in the Field*, for those items the officers travel expense guidelines do not specifically include.

Throughout our review, we provided Postal Service Finance our comments and suggestions based on our benchmarking results. Management reviewed a discussion draft of this white paper and provided feedback, which we have taken into account; therefore, no response is necessary.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Lorie Siewert, Director, Financial Statements, or me at (703) 248-2100.

E-Signed by John Cihota   
VERIFY authenticity with ApproveIt  


John E. Cihota  
Deputy Assistant Inspector General  
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#### Attachments

cc: Mary Anne Gibbons  
Wendy A. Hocking  
Anthony J. Vegliante  
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## Appendix A. Benchmarking Sources

### Federal Agencies/Sources<sup>3</sup>

- Federal Deposit Insurance Corporation (FDIC)
- Federal Reserve Board (FRB)
- Tennessee Valley Authority (TVA)
- Federal Acquisition Regulation (FAR)
- Federal Travel Regulation (FTR)

### Private Corporations<sup>4</sup>

- Company A
- Company B

### Other Sources

- American Association of Law Libraries
- City of Dover, Delaware
- Indiana University
- *Business Travel News Magazine* ([www.btnonline.com](http://www.btnonline.com))

### Postal Service

- Handbook F-15, *Travel and Relocation* (F-15)
- Management Instruction FM-640-2001-4, *Payment for Meals and Refreshments*
- Management Instruction FM-640-1999-3, *Travel Expense Charges for Meetings*
- Management Instruction FM-530-2001-1, *Use of Postal Vehicles for Home-to-Work Transportation*
- Management Instruction FM-530-2001-3, *Use of Chauffeurs at Headquarters and Designated Drivers in the Field*
- Officers travel guidelines

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<sup>3</sup> The FDIC, FRB and TVA are federal agencies. The FAR and FTR are federal guidance handbooks.

<sup>4</sup> Fortune 500 companies' names were withheld in order to provide anonymity.

## APPENDIX B. OIG ANALYSIS

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Travel Card	<ul style="list-style-type: none"> <li>Two agencies require use of a travel card for expenses.</li> <li>One agency does not, but requires use of the government rate for travel expenses.</li> <li>One source requires use of government card; one source does not address use.</li> </ul>	<ul style="list-style-type: none"> <li>One company states employees should use a travel card for travel expenses.</li> <li>One company states employees must use travel card to be reimbursed.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>All chargeable expense items should be on the officer's government-issued travel card; otherwise, employee should pay for them with cash.</li> </ul>	<ul style="list-style-type: none"> <li>Require government travel card for payment of all customary travel expenses, such as common carrier transportation and hotel and rental car.</li> </ul>
Alcoholic Beverages	<ul style="list-style-type: none"> <li>Two agencies disallow.</li> <li>One agency has no policy.</li> <li>Both sources disallow.</li> </ul>	<ul style="list-style-type: none"> <li>One company disallows.</li> <li>One company has no policy.</li> </ul>	<ul style="list-style-type: none"> <li>Two disallow with one having exceptions.</li> <li>One has no policy.</li> </ul>	<ul style="list-style-type: none"> <li>Will pay for alcohol served in conjunction with officer-approved functions.</li> </ul>	<ul style="list-style-type: none"> <li>Prohibit reimbursement for alcoholic beverages.</li> </ul>
Tipping	<ul style="list-style-type: none"> <li>Two agencies have no policy.</li> <li>One agency has limited policy guidelines.</li> <li>One source has limited policy guidelines, while one source does not address tipping.</li> </ul>	<ul style="list-style-type: none"> <li>One company states employees should use discretion.</li> <li>One company states the standard is 15 percent.</li> </ul>	<ul style="list-style-type: none"> <li>Two have no policy.</li> <li>One has generally accepted practices.<sup>5</sup></li> </ul>	<ul style="list-style-type: none"> <li>Tips to waiters, bellhops, and porters are included in per diem allowance.</li> <li>For limousine, airport shuttle or taxi drivers, a maximum of 15 percent of the fare and \$1.00 for tips for courtesy service is allowed.</li> </ul>	<ul style="list-style-type: none"> <li>Establish specific guidelines for officers' travel.</li> </ul>

<sup>5</sup> The generally accepted practice is 15 percent of meal costs, 15 percent of taxi fare, \$1 per bag, and \$1 for valet parking.

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Meals for Travel	<ul style="list-style-type: none"> <li>One agency is based on actual expenses.</li> <li>One agency is based on per diem.</li> <li>One agency is based on per diem but allows actuals in certain circumstances.</li> <li>One source is based on per diem; one source does not address.</li> </ul>	<ul style="list-style-type: none"> <li>One company is based on actual expense.</li> <li>One company has maximum allowable amount based on city.</li> </ul>	<ul style="list-style-type: none"> <li>No policy found.</li> </ul>	<ul style="list-style-type: none"> <li>One policy reimburses actual expenses incurred. Expenses unusual in variety, cost, or nature require advance written authorization.</li> <li>Allowed to claim per diem or actual expenses, depending on destination and duration of trip.</li> <li>Local travel based on actual expenses.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a per diem or maximum allowable amount rather than actual expenses.</li> </ul>
Lodging	<ul style="list-style-type: none"> <li>One agency and one source require employees to obtain General Services Administration rates.</li> <li>Two agencies require employees to request government rate.</li> <li>One source does not address lodging.</li> </ul>	<ul style="list-style-type: none"> <li>One company has no policy.</li> <li>The policy was unknown for one company.</li> </ul>	<ul style="list-style-type: none"> <li>One required the use of hotels with negotiated rates.</li> <li>Two had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>Should use contractual arrangements with specific travel agencies to obtain lodging for official travel.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a maximum allowable amount.</li> </ul>
Distance for Overnight Stay	<ul style="list-style-type: none"> <li>One agency states 50 miles from official duty station (ODS).</li> <li>One agency states more than 60 miles from ODS.</li> <li>One agency and two sources had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>One company had no policy.</li> <li>The policy was unknown for one company.</li> </ul>	<ul style="list-style-type: none"> <li>No policy found.</li> </ul>	<ul style="list-style-type: none"> <li>50 miles from permanent duty station.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate the 50-mile rule into the officers travel guidelines.</li> </ul>

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Laundry Expenses	<ul style="list-style-type: none"> <li>One agency states employees eligible when trip lasts at least 7 consecutive days.</li> <li>Two agencies and one source had no policy.</li> <li>One source states employees are eligible when trip lasts at least 4 consecutive days.</li> </ul>	<ul style="list-style-type: none"> <li>One company had no policy.</li> <li>The policy was unknown at one company.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>Actual expenses while in an authorized travel status include laundry and dry cleaning.</li> <li>Per diem includes laundry and dry cleaning.</li> </ul>	<ul style="list-style-type: none"> <li>Establish specific criteria for allowable laundry and dry cleaning expenses.</li> </ul>
Health Club Fees	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>One company will reimburse fees charged by hotels for use of fitness center by hotel guests.</li> <li>One company had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>Actual expenses while in an authorized travel status include health club fees.</li> </ul>	<ul style="list-style-type: none"> <li>Establish specific criteria for allowable health club expenses.</li> </ul>
Business Center Charges	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>Actual expenses while in an authorized travel status include hotel business center expenses.</li> </ul>	<ul style="list-style-type: none"> <li>Establish specific criteria for allowable business center expenses.</li> </ul>
Promotional Benefits for Meetings/Conferences	<ul style="list-style-type: none"> <li>Two agencies disallow acceptance of points.</li> <li>One agency and one source had no policy.</li> <li>One source disallows acceptance of points.</li> </ul>	<ul style="list-style-type: none"> <li>One company has no written policy.</li> <li>One company does not allow planner to accept points.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>Prohibit the acceptance of promotional benefits (including points) for personal use.</li> </ul>

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Airline Travel	<ul style="list-style-type: none"> <li>One agency requires coach class; can use first-class in limited cases.</li> <li>One agency requires coach class for flights 10 hours or less; business class for flights 10 hours or more. With advance approval for special circumstances (health or disability reasons), first-class may be authorized.</li> <li>One had no policy.</li> <li>One agency states employees may use upgrade coupons at their own expense.</li> <li>One source requires coach class with exceptions and one source does not address.</li> </ul>	<ul style="list-style-type: none"> <li>Both companies require coach class.</li> <li>One company states the use of business class will be limited.</li> <li>One company states business class is the exception.</li> </ul>	<ul style="list-style-type: none"> <li>One requires coach class.</li> <li>Two had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>Required to purchase a coach class ticket, but reimbursement is made upon purchase of upgrade coupons.</li> </ul>	<ul style="list-style-type: none"> <li>Require coach class as the form of air travel with specific exceptions (for things such as length of flight or medical needs).</li> </ul>
Designated Travel Agency	<ul style="list-style-type: none"> <li>Two agencies and one source require use of company travel agency.</li> <li>One agency does not require use of travel agency.</li> <li>One source does not address.</li> </ul>	<ul style="list-style-type: none"> <li>One company does not require use of travel agency.</li> <li>The policy was unknown at one company.</li> </ul>	<ul style="list-style-type: none"> <li>One requires use of designated travel agency.</li> <li>Two had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>Contracted with specific agencies for reservations and ticketing.</li> <li>Must use contracted travel agency for airline reservations.</li> </ul>	<ul style="list-style-type: none"> <li>Use contract travel agent when making travel arrangements.</li> </ul>



Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Representation Expenses	<ul style="list-style-type: none"> <li>Two agencies and two sources had no policy.</li> <li>One agency stipulates business purposes must be served.</li> <li>No policies found regarding representation expense receipts.</li> </ul>	<ul style="list-style-type: none"> <li>One company states expenses reimbursed only if related to company business.</li> <li>The policy was unknown for both expenses and receipts at one company.</li> <li>One company has a spending budget.</li> <li>The employee must be able to prove the business purpose and provide documentation for the amount of each expense, date and place of entertainment, and business relationship of the person entertained at one company.</li> </ul>	<ul style="list-style-type: none"> <li>One notes they will reimburse expenses for meetings of an administrative nature that directly concern the entity.</li> <li>One states when circumstances merit, employees may claim expenses for professional hospitality.</li> <li>One allows claims for formal business meetings that are at least half a day long.</li> <li>One states the maximum per person rate for hospitality is \$15 for breakfast; \$20 for lunch; \$35 for dinner; and \$10 for light refreshment. This includes tax and service.</li> <li>One states original, detailed receipts must be retained to be reimbursed.</li> <li>One states all meals require itemized receipts.</li> <li>One requires receipts for expenses over \$50.</li> </ul>	<ul style="list-style-type: none"> <li>Business meals are defined as meals (on and off-site) where executives, as part of their official duties, host meetings with customers who are not employees.</li> <li>Business meals are not authorized for meetings with contractors and consultants.</li> <li>Should not use the International Merchant Purchase Authorization Card (IMPAC) Visa to pay for business meals.</li> <li>Claims for representation expenses must be supported by the name, company, title and professional affiliation of the persons involved; the date and place where expenses were incurred; a brief description of the nature of the expense; and the reason for incurring the representation expense.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate Management Instruction FM-640-2001-4 into the Postal Service's current officers travel guidelines.</li> <li>Agree with existing policy not to use IMPAC for representation expenses.</li> <li>Establish allowable amounts for meals.</li> <li>Require itemized receipts listing meals, tips, and other costs supporting representation expenses.</li> <li>Require detailed receipts listing meals, tips, and other costs.</li> </ul>

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Spouse/Guest Expenses	<ul style="list-style-type: none"> <li>One agency does not reimburse.</li> <li>Two agencies and two sources had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>One company requires advanced approval.</li> <li>The policy was unknown at one company.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>The attendance of spouses or guests of officers must be authorized in writing prior to the event. The written authorization must be forwarded with the claim.</li> </ul>	<ul style="list-style-type: none"> <li>Agree with current Postal Service officers travel guidelines.</li> </ul>
Travel Receipts	<ul style="list-style-type: none"> <li>Two agencies and one source require receipts for \$75 or more.</li> <li>One agency requires receipts for \$25 or more.</li> <li>One source does not address.</li> </ul>	<ul style="list-style-type: none"> <li>Both companies require receipts for \$75 or more.</li> </ul>	<ul style="list-style-type: none"> <li>One requires receipts for \$10 or more.</li> <li>Two had no policy.</li> </ul>	<ul style="list-style-type: none"> <li>One requires receipts for items \$75 or more.</li> <li>One requires receipts for costs exceeding \$50 unless paid by travel card.</li> </ul>	<ul style="list-style-type: none"> <li>Agree with current Postal Service officers travel guidelines.</li> </ul>
Telephone Calls	<ul style="list-style-type: none"> <li>One agency and one source require the use of the agency's calling card.</li> <li>One agency requires use of the agency's toll-free number.</li> <li>One agency will reimburse calls in conjunction with official business.</li> <li>One source did not address.</li> </ul>	<ul style="list-style-type: none"> <li>One company had no policy.</li> <li>The policy was unknown at one company.</li> </ul>	<ul style="list-style-type: none"> <li>Two had no policy.</li> <li>One allows when necessary for proper contact.</li> </ul>	<ul style="list-style-type: none"> <li>Phone call of reasonable length to family or residence is authorized while on travel status.</li> <li>Use of the MCI calling card is required except in an emergency.</li> </ul>	<ul style="list-style-type: none"> <li>Agree with current Postal Service officers travel guidelines allowing a phone call of reasonable length to family or residence.</li> </ul>

Travel Expense Items	Federal Agencies/Sources	Private Corporations	Other Sources	Postal Service	OIG Suggestions
Official Vehicles	<ul style="list-style-type: none"> <li>Two agencies had no policy.</li> <li>One agency stated the employee is responsible to provide own transportation to and from work.</li> <li>One source did not address.</li> <li>One source requires travel authorization.</li> </ul>	<ul style="list-style-type: none"> <li>One company had no policy.</li> <li>The policy was unknown at one company.</li> </ul>	<ul style="list-style-type: none"> <li>No policies found.</li> </ul>	<ul style="list-style-type: none"> <li>Use of official vehicles for home-to-work transportation is not permitted, except under very limited circumstances.</li> <li>Officers may use a chauffeur when on official business.</li> <li>Spouses, managers, and other employees may use chauffeurs only when with officers on official business.</li> <li>Outside of normal working hours, minimal chauffeur use is allowed; public transportation should be used when less expensive.</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate Management Instructions FM-530-2001-1 and FM-530-2001-3 into the Postal Service officers travel guidelines.</li> </ul>