



Office of Audits
Office of Inspector General
U.S. General Services Administration

Limited Scope Audit of GSA's Centralized Household Goods Traffic Management Program Tariff and Tender of Service

Report Number A170025/Q/T/P17004
September 28, 2017

Executive Summary

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Why We Performed This Audit

We performed this audit as a result of a Congressional referral on behalf of a Centralized Household Goods Traffic Management Program (CHAMP) stakeholder. Our objective was to determine if the CHAMP tariff and tender of service conform to industry standards for shuttle services and protect the government from overcharges.

What We Found

Under GSA's CHAMP tariff and tender of service, the government is charged an additional fee for shuttle services. Although the tariff uses the industry standard definition of shuttle services as a truck to truck transfer, it also leaves the government susceptible to overcharges by including an exception. Under the exception, a smaller truck may be used for the entire move and the government may be charged both the linehaul and the additional shuttle service fee, regardless of whether additional services are provided.

What We Recommend

We recommend that the Federal Acquisition Service Commissioner:

1. Delete the shuttle service exception; and
2. Determine if the tariff needs a new provision to address the use of a smaller truck.

The Federal Acquisition Service Commissioner agreed with our audit finding and recommendations. GSA's comments are included in their entirety in **Appendix B**.

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Introduction

We performed a limited scope audit of GSA's Centralized Household Goods Traffic Management Program (CHAMP) tariff and tender of service governing the use of shuttle services for the movement of household goods for civilian federal employees who are relocating to a new duty station.

Purpose

We performed this audit because the GSA Office of Inspector General received a congressional referral from a CHAMP stakeholder. Specifically, a contractor that audits CHAMP invoices was concerned that customer agencies were paying for shuttle services that did not actually occur.

Objective

Our objective was to determine if GSA's CHAMP tariff and tender of service conform to industry standards for shuttle services and protect the government from overcharges.

See **Appendix A** – Scope and Methodology for additional details.

Background

CHAMP assists civilian federal agency employees when they relocate to a new duty station. Under CHAMP, carriers move an employee's household goods to both domestic and international duty stations. The intended benefits of CHAMP include a consistent pricing structure, competitive rates, and vetted carriers.

The Employee Relocation Resource Center within the Federal Acquisition Service (FAS) serves as the CHAMP Program Management Office (PMO). The authority of the CHAMP PMO is provided by two laws. The first, 40 United States Code (USC) 501, *Services for executive agencies*, allows the GSA Administrator to perform procurement and supply functions for transportation and traffic management if it is advantageous to the government in terms of economy, efficiency, or service. The second, 49 USC 13712, *Government traffic*, allows for the acquisition of transportation services from a carrier for free or at a lower than commercial rate.

CHAMP services are also governed by the GSA Domestic 500A–2016 Tariff (tariff) and the GSA Household Goods Tender of Service (tender of service). The tariff includes program rules, regulations, and governing provisions. The tender of service documents the services to be performed and procedures to follow for all shipments. For example, the tariff may direct an employee or a federal agency to file a claim in the event of damage and the tender of service outlines the claim process including documentation requirements.

The tariff includes rates and charges for transportation and additional services. One of the charges is the linehaul fee, which includes the loading, transportation, and unloading of household goods using a linehaul truck, or 18-wheeler. In some cases, additional services are needed to complete the shipment.

One such additional service is a shuttle service. A shuttle service is when a smaller truck is used to transfer household goods from a residence to the linehaul truck or vice versa. This service may be necessary when the residence is not accessible to a linehaul truck due to narrow roads, dirt roads, or overhanging tree branches. If a shuttle service is necessary, an additional fee is assessed to the customer agency to compensate the carrier for the additional loading, unloading, and use of the smaller truck.

All transportation charges – including those incurred under CHAMP – are subject to audit under 31 USC 3726, *Payment for transportation*. This regulation directs GSA to perform oversight of transportation invoice payments. The GSA Transportation Audits Division within FAS ensures this oversight by awarding contracts for post-payment audit services of federal transportation invoices. Post-payment audits are audits of carrier invoices, which include the determination of their validity, propriety, and conformity with the applicable tariff and tender of service.

In August 2016, a post-payment contract auditor raised concerns about shuttle service fees within CHAMP. The post-payment contract auditor asserted that carriers were charging federal agencies for additional services that were not occurring, which resulted in the government being overcharged. Specifically, the post-payment contract auditor stated a shuttle service fee should not be charged without a transfer between a linehaul truck and a smaller, shuttle truck (truck to truck transfer). Carriers disputed the post-payment contract auditor's assertion and stated that a shuttle service fee could be charged when only a smaller truck was used for the entire shipment. The matter was elevated to the CHAMP PMO for review. Ultimately, the CHAMP PMO determined that the CHAMP tariff and tender of service in effect at the time did not require a shuttle service to include a truck to truck transfer.

Concurrent with these events, the CHAMP PMO was revising the tariff – which went into effect on December 16, 2016 – and planned to clarify the requirements surrounding shuttle services in the new document. This revised tariff, GSA Domestic 500A–2016 Tariff, served as the basis of our audit.

Results

Under GSA's CHAMP tariff and tender of service, the government is charged an additional fee for shuttle services. Although the tariff uses the industry standard definition of shuttle services as a truck to truck transfer, it also leaves the government susceptible to overcharges by including an exception. Under the exception, a smaller truck may be used for the entire move and the government may be charged both the linehaul and the additional shuttle service fee, regardless of whether additional services are provided.

Finding – The CHAMP tariff includes an exception to the requirements for shuttle services, leaving the government at risk for overcharges.

GSA's definition of shuttle services under the CHAMP tariff leaves the government susceptible to overcharges. While the industry standard generally defines a shuttle service as a truck to truck transfer, the CHAMP tariff includes an exception that allows carriers to charge a shuttle service fee if a smaller truck is used for the entire move even where no additional services are provided. Although CHAMP PMO officials stated that the exception provides needed flexibility for customer agencies and estimated it will be used infrequently, they could not provide support for these assertions.

During our audit, we researched the industry standard for shuttle services and found that it requires a truck to truck transfer, without exception. We reviewed the websites for 16 CHAMP carriers and found that 10 of the 16 carriers described a shuttle service as using two trucks. For the remaining six carriers, the websites either contained no information on shuttle services or only identified shuttle services as a source of additional cost. We also reviewed the Department of Defense's (DoD's) Defense Personal Property Program Domestic 400NG-2016 Tariff, which governs the movement of household goods for DoD. This program accounts for an estimated 85 to 90 percent of all government (DoD and civilian) transportation invoices. The DoD tariff, effective May 15, 2016, requires a truck to truck transfer for shuttle services.

The CHAMP tariff conforms to industry standards by defining a shuttle service as a "truck to truck transfer." However, it also provides this exception:

If, however, and in rare and/or unique circumstances only, it is determined that a shipment or portions thereof moved via the use of smaller equipment only and without a transfer to a [carrier] linehaul equipment will best meets [sic] the needs of the Agency, then the [carrier] must submit a request in writing to the [bill of lading issuing officer] identifying the specific reason(s) why the use of smaller equipment without a shuttle component will best meet the needs of the Agency.

The exception increases the risk that the government will be overcharged for moving services. Under the exception, carriers are allowed to charge the government both the linehaul and shuttle service fee when a smaller truck is used for the entire move, even

where no additional services are provided. This creates an incentive for carriers to use a smaller truck on a move although it may not be needed in order to charge the government the additional shuttle service fee.

Officials from the CHAMP PMO stated that the exception is needed to provide customer agencies with flexibility to meet their specific moving needs. These officials further stated that, without this flexibility, customer agencies may choose to use other transportation options because GSA is not a mandatory source for CHAMP services. CHAMP PMO officials also stated that the risk of overcharges is low as they estimate that customer agencies will invoke the exception less than 50 times per year. However, they were unable to support these assertions.

Conclusion

Under GSA's CHAMP tariff and tender of service, the government is charged an additional fee for shuttle services. Although the tariff uses the industry standard definition of shuttle services as a truck to truck transfer, it also leaves the government susceptible to overcharges by including an exception. Under the exception, a smaller truck may be used for the entire move and the government may be charged both the linehaul and the additional shuttle service fee, regardless of whether additional services are provided. As such, the exception leaves the government susceptible to overcharges.

To eliminate the risk of overcharges, the CHAMP PMO should remove the shuttle service exception from the tariff. Additionally, the CHAMP PMO should determine if a separate provision to address the use of smaller trucks is needed. This will enable the CHAMP PMO to ensure the program is advantageous to the government and reduce the likelihood of overcharges.

Recommendations

We recommend that the FAS Commissioner:

1. Delete the shuttle service exception; and
2. Determine if the tariff needs a new provision to address the use of a smaller truck.

GSA Comments

The FAS Commissioner agreed with our audit finding and recommendations. GSA's comments are included in their entirety in **Appendix B**.

Audit Team

This audit was managed out of the Acquisition and Information Technology Audit Office and conducted by the individuals listed below:

Brian J. Gibson	Associate Deputy Assistant Inspector General for Auditing
Susan Myers	Audit Manager
Bruce E. McLean	Auditor-In-Charge

Appendix A – Scope and Methodology

Our audit was limited in scope to the review of shuttle services under GSA's CHAMP.

To accomplish our objective, we:

- Met with CHAMP PMO officials to gain an understanding of the program, including:
 - the program's mission;
 - the development of the GSA Domestic 500A–2016 Tariff;
 - the use of the exception clause, including its application and allowable fees; and
 - the methods established by the CHAMP PMO to monitor the use of the exception;
- Analyzed applicable program documents including the GSA Domestic 500A–2016 Tariff and the GSA Household Goods Tender of Service;
- Reviewed prior GSA Office of Inspector General audit reports relevant to the program;
- Reviewed applicable regulations and legislation governing or impacting CHAMP; and
- Researched industry standards for shuttle services by reviewing DoD's Defense Personal Property Program Domestic 400NG-2016 Tariff, CHAMP industry group websites, and CHAMP carrier websites.
 - To identify CHAMP carriers to research, we judgmentally sampled carriers that had been issued three or more post-payment audit notices of overcharge for shuttle services on invoices paid between November 5, 2012, and April 18, 2016. Using this methodology, 16 of 40 carriers (40 percent) were selected for research. The sampled carriers were issued 790 of 816 (97 percent) of the notices of overcharge for shuttle services on invoices paid between the same date range.

We conducted the audit between October 2016 and February 2017, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objective of the audit.

Appendix B – GSA Comments



U.S. General Services Administration

September 19, 2017

MEMORANDUM FOR BRIAN J. GIBSON
ASSOCIATE DEPUTY ASSISTANT INSPECTOR GENERAL
FOR AUDITING
ACQUISITION AND INFORMATION TECHNOLOGY AUDIT
OFFICE (JA-T)

FROM: ALAN B. THOMAS, JR. 
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

SUBJECT: Response to Draft Report: "Limited Scope Audit of GSA's
Centralized Household Goods Traffic Management Program
Tariff and Tender of Service" Report Number A170025

The Federal Acquisition Service (FAS) has reviewed the draft report A170025 and appreciates the opportunity to comment. FAS agrees with the report's findings that the current Centralized Household Goods Traffic Management Program (CHAMP) tariff and tender of service includes an exception to the requirements for shuttle services, leaving the government at risk for overcharges.

FAS concurs with the recommendations and has taken the necessary actions to modify the shuttle service definition and requirements in both the tariff and tender of service which will be issued in September 2017. Both the tariff and tender of service will specify that Transportation Service Providers (TSPs) will not be compensated for shuttle service when small equipment is used exclusively without a truck-to-truck transfer. FAS also reviewed the issue on the use of a smaller truck with agency constituents and TSPs and determined situations requiring this type of provision are so rare and unusual that a new provision is not necessary at this time.

The FAS point of contact for this matter is Julie Blanford, Director, Employee Relocation Resource Center, at Julie.blanford@gsa.gov or 703-605-9551.

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Appendix C – Report Distribution

Acting GSA Administrator (A)

Commissioner (Q)

Deputy Commissioner (Q)

Chief of Staff (Q0A)

Assistant Commissioner, Office of Policy and Compliance (QV)

Financial Management Officer, FAS Financial Services Division (BGF)

Acting Assistant Commissioner, Office of Travel, Transportation & Logistics (QM)

Director, Office of Travel Employee Relocation and Transportation (QMC)

Director, Employee Relocation Resource Center (QMCG)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)