A Review of IRS Employee Travel

Reductions in IRS Long-Term Travel Spending Needed

A Senate Finance Committee Majority Staff Report

December 14, 2016

Background

The United States Committee on Finance ("Committee") has an obligation to conduct oversight of all agencies within its jurisdiction, including their use of taxpayer funds. In May 2016, Committee Chairman Orrin Hatch and Ranking Member Ron Wyden wrote to the Internal Revenue Service ("IRS"), the Centers for Medicare & Medicaid Services ("CMS"), the Social Security Administration ("SSA"), and the United States International Trade Commission ("USITC") to inquire about their travel policies and practices, specifically regarding long-term or extended employee travel (henceforth referred to as "long-term travel"). They also asked for further information on how often their employees engaged in long-term travel,[1] for what purposes, the costs of such activities, and what steps, if any, each agency had taken to reduce both the occurrence and the cost of long-term travel.

The Committee found through the initial responses that while CMS, SSA, and USITC did not generally have employees in travel status for more than half of the year, the IRS did. Furthermore, some of the IRS employees appeared to be incurring unusually high travel costs while on long-term travel. In September 2016, these initial findings led the Chairman to again write to the IRS to ask for all supporting travel documentation for all trips taken in Fiscal Year ("FY") 2015 by 15 of these employees to better understand the drivers of these unusually high costs.

Government-Wide Travel Regulations

The Federal Travel Regulation ("FTR"), promulgated by the United States General Services Administration ("GSA"), enumerates the travel and relocation policies for most federal agencies, including the IRS. As such, the FTR lays out the method for calculating daily lodging rates when an employee is traveling on a long-term basis.[2] The FTR further states that such "reimbursement, including an appropriate amount for [Meals and Incidental Expenses ("M&IE")], may not exceed the maximum daily per diem rate for the [temporary duty ("TDY")] location."[3] However, the FTR allows, but does not require, agencies to reduce a per diem rate below the prescribed maximum when an agency can determine in advance that lodging and/or meal costs will be lower than the per diem rate.[4] Thus, agencies, at their discretion, have the ability to significantly reduce per diem rates for employees in long-term travel status.

Furthermore, the FTR establishes fiducial obligations upon Federal agencies and individual employees, including standards of care for incurring expenses. The FTR states that an employee "must exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business."[5] The FTR also emphasizes that an "agency will not pay for

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[1] The Committee requested trip data for any agency employee who was in travel status for more than half of Fiscal Year 2015 (defined as 125 business days or more).
[2] 5 C.F.R. §301-11.14 (2004).
[3] *Id*. at §301-11.14.
[4] *Id*. at §301-11.200.
[5] *Id*. at §301-2.3.

excess costs resulting from circuitous routes, delays, or luxury accommodations or services unnecessary or unjustified in the performance of official business."[6]

IRS Travel Policies

Based on the FTR, the IRS has established its own travel policies. While the IRS does not appear to have a definition for long-term travel, the IRS's Internal Revenue Manual ("IRM"),[7] consistent with the FTR, states that when an IRS employee is on long-term travel at a TDY location for more than two months, an approving official *may* request the approval of a per diem rate that is less than the prescribed maximum for the area if either of the following occurs:

1. The approving official determines in advance that lodging and/or meal costs will be lower than the per diem rate.
2. The government provides meals and/or lodging at no cost to employees.[8]

The IRS stated that an approving official must then submit a memorandum justifying a different per diem rate for approval by the Associate Chief Financial Officer ("ACFO") for Financial Management. If approved, the requesting official must inform the employee of the reduced per diem rate before the trip and the travel authorization must contain the lower authorized per diem rate in advance of the travel. The Committee found that no such requests were made in FY 2015. However, the IRS stated that it automatically reduces per diem amounts in three scenarios, which do not require the approval of the ACFO for Financial Management:

1. Employees receiving training at FLETC receive a special meal and incidental allowance of $5 for each day the government provides lodging and meals.
2. Employees who rent lodging and sign a lease at an extended-stay facility receive a reduced per diem rate based on the total costs for the period divided by the number of nights they actually occupy the facility. This rate is generally less expensive than the per diem rate.
3. Employees who attend Senior Manager training in Denver, CO, receive reduced meals and incidental expenses because meals are provided by the government.

Furthermore, the IRS added that it may determine in specific circumstances that the per diem rate is "inappropriately high" for employees on long-term travel for more than two months to a TDY location. In these circumstances, approving officials may reduce the per diem rate. The IRS provided the following examples of scenarios when an official may reduce the per diem rate:

1. Known arrangements or established cost experience at TDY locations showing that lodging and/or meals can be obtained without cost or at a reduced cost to the employee;
2. Situations in which special rates for accommodations have been made available for a particular meeting, conference, training or other temporary assignment;

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[6] *Id*. at §301-2.4.

[7] The IRM is the IRS's primary source of instructions to staff relating to the administration and operations of the IRS.

[8] IRM 1.32.11.8.2.1 (Sept. 30, 2011).

3. Traveler's familiarity with establishments providing lodging and meals at a lower cost in certain locations, particularly where repetitive travel or extended stays are involved; or
4. Situations in which the government furnishes lodging, such as government quarters or other lodging procured for the employee by means of an IRS purchase order.

Finally, the IRM establishes responsibilities for IRS employees as they travel. According to the IRM, IRS employees should "[exercise] the same prudence and economy when incurring expenses in the performance of official travel that [one] would exercise if traveling on personal business." The traveler is also responsible for "planning travel to minimize travel cost to the IRS" as well as "using the mode of transportation that results in the greatest overall advantage to the Government."[9]

Given the guidance laid out in the FTR and IRM, the Committee reviewed FY 2015 travel documentation for 15 IRS employees, including vouchers, receipts, and other travel documents to better understand the key factors behind their unusually high travel costs. After reviewing these documents as well as all FY 2015 traveler data, travel policies and procedures, and the written responses from the IRS and the other agencies, the Committee has reached a number of findings regarding IRS employee long-term travel. This report is a summary of the Committee's staff's key findings to date, areas of Committee concern, and potential areas for improvement.

The Committee also notes that there were a number of instances where vouchers and/or receipts appeared to be missing when compared to the initial aggregate IRS data for all employees traveling more than half of the year. However, the Committee was still able to review enough of each traveler's documentation to better understand the overall travel habits of these individuals and to draw relevant conclusions.

Results of the Review

Although the IRS has a number of employees who travel more than half of the fiscal year, the IRS has not routinely taken the steps allowable to reduce its travel related per diem expenditures. Furthermore, despite having instituted internal guidance limiting executive travel and realigning executive posts of duty ("PODs") in FY 2013, the Committee found evidence that some executives are still not geographically located where their primary job duties are. However, if the IRS would follow its own internal guidance without exception and institute best practices from other agencies, it could see significant cost savings among all employees who travel for significant amounts of time during the year, not just those traveling for more than half of the year.

[9] IRM 1.32.1.5 (Feb. 7, 2012).

Despite Routine Long-Term Travel Habits, the IRS Has Not Taken All Steps Allowable to Reduce Excess Travel Expenditures

In FY 2015, the IRS had 27 employees who traveled 125 business days or more at a total cost of over $1.4 million. The average cost of each trip was approximately $52,800 with an average trip length of 207 days. Figure 1 below summarizes the long-term travel habits of the 27 employees.

Figure 1: Overview of IRS Employee Long-Term Travel

Employee Number	Number of Days in Travel Status (Including Weekends/Holidays)	Total Trip Cost
Employee 1	169	$45,922
Employee 2	170	$39,719
Employee 3	273	$68,087
Employee 4	178	$50,168
Employee 5	139	$26,750
Employee 6	202	$58,150
Employee 7	207	$59,453
Employee 8	202	$56,314
Employee 9	201	$26,848
Employee 10	139	$35,801
Employee 11	156	$35,952
Employee 12	168	$57,766
Employee 13	332	$93,213
Employee 14	174	$37,326
Employee 15	151	$51,101
Employee 16	381[10]	$84,121
Employee 17	229	$57,845
Employee 18	203	$42,387
Employee 19	207	$46,675
Employee 20	180	$62,009
Employee 21	324	$106,669
Employee 22	144	$53,417
Employee 23	356	$78,159
Employee 24	214	$3,222
Employee 25	220	$61,895
Employee 26	134	$55,185
Employee 27	125	$31,432
Grand Total	**5,578**	**$1,425,588**

Source: IRS Travel Data

[10] Employee 16 may have filed multiple vouchers covering the same period of time, which would result in the number of days in travel status exceeding 365.

The Committee found that these employees spent more than half of their total travel time in the Washington, DC metropolitan area, accounting for 52 percent of the total number of days traveled in FY 2015. IRS employees also spent significant amounts of time in the Atlanta metropolitan area; Glynco, GA [where the Federal Law Enforcement Training Centers ("FLETC") is located]; Chicago; and New York City. Figure 2 below provides further information on the top ten cities visited by IRS employees.

Figure 2: Top Ten Cities Visited by IRS Employees

City/State	Number of Days in Travel Status (Including Weekends/Holidays)	Percentage of Total Days Traveled
Washington, DC	2,925	52.44%
Atlanta, GA	447	8.01%
Glynco, GA	404	7.24%
Chicago, IL	282	5.06%
New York City, NY	241	4.32%
Memphis, TN	161	2.89%
Fresno, CA	121	2.17%
Austin, TX	106	1.89%
Philadelphia, PA	71	1.27%
Columbia, SC	45	0.81%

Source: IRS Travel Data

The Committee also found that 14 out of the 15 employees selected for review were on detail or an acting assignment for some or all of the year. These details or acting assignments ranged in length from six months to 26 months, with some details still continuing at the time of this report's release. Employee details and acting assignments by their very nature are for a pre-defined amount of time and should be planned well in advance. Given these factors, and in accordance with both the FTR and IRM, an approving official should easily be able to determine in advance that lodging and/or meal costs will be lower than the prescribed per diem rate and encourage the employee to seek significantly lower cost housing while still meeting the employee's travel needs.

However, based on this review as well as the initial aggregate travel data provided, the Committee determined that the IRS does not routinely or actively seek to reduce per diem rates for employees on long-term travel. Instead, the IRS has repeatedly stipulated that "approving officials cannot limit payments to employees for travel expenses to levels below the per diem amount solely to reduce administrative costs." The Committee notes that it found no evidence in either the FTR or the IRM that would support this supposition. If anything, the IRS *should* reduce per diem rates to reduce administrative costs when the circumstances laid out in the FTR are met.

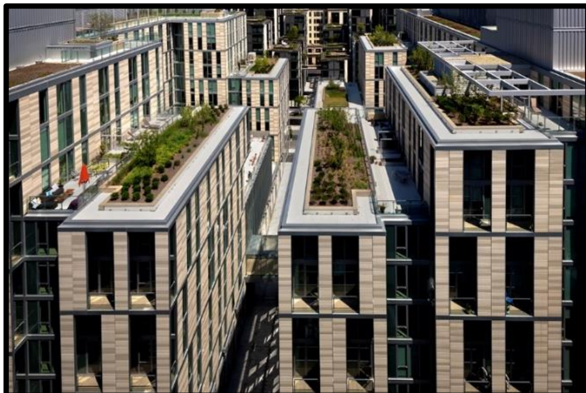
Federal employees traveling to Washington for a month can spend up to $7,099 per month on lodging alone.[11] The Committee sees virtually no circumstances where an employee living in Washington on a month by month basis would ever need to spend $7,099 per month on rent. However, the lodging selected by these employees often appeared to be excessive and inappropriate. The lodging accommodations sought by the 15 IRS employees can be broken into three distinct groups: employees who lived in hotels, those who rented apartments or homes, and those who lived in corporate or extended stay housing (henceforth referred to as "extended stay housing").

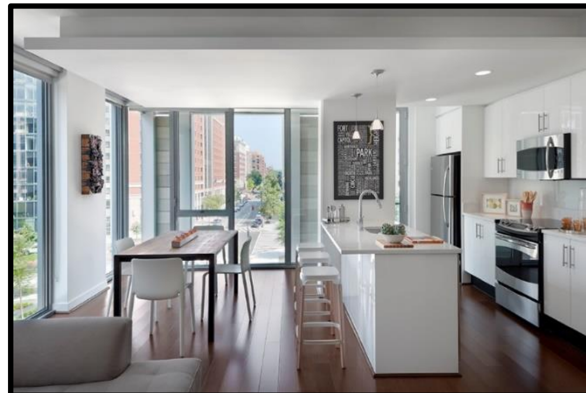
Employees Who Lived in Hotels

Five of the 15 employees lived in hotels, primarily in Washington, in FY 2015. None of the five, despite often residing in the same TDY location for months at a time, had their per diem rates reduced or sought out lower cost housing. For example, one employee spent 168 days in FY 2015 at the Grand Hyatt in Washington at a total cost to taxpayers of $38,799.[12] Another employee moved among several hotels in the Washington area before primarily residing at the Ritz Carlton – Pentagon City in Virginia. The employee's hotel bills for the fiscal year totaled $72,544, $43,726 of which was for the Ritz Carlton – Pentagon City. The other three employees, one of which is discussed further in example 1 later in this report, resided primarily at various properties including the Mayflower Hotel, the Grand Hyatt, and the JW Marriott.

Employees Who Rented Apartments or Homes

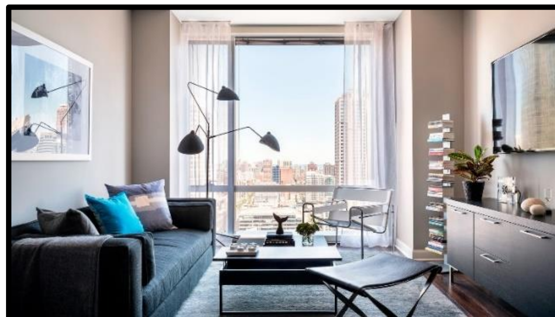
Two of the 15 employees rented more permanent housing such as an apartment or townhouse during their FY 2015 travel. One such employee for example rented a $1.07 million,[13] four-bedroom townhouse in Arlington, VA for a year at a rate of $4,950 per month. The other employee completed two separate details in Washington and then in Chicago, renting what appear to be luxury apartments in both cities. For example, while in Washington, the employee signed a nine-month apartment lease at a new apartment complex in downtown Washington at a rate of $3,110 per month (pictured below).





[11] Calculation based on FY 2015 GSA lodging per diem rates for the Washington metropolitan area.
[12] Calculation includes one hotel night from FY 2014. The night was included as part of a trip that began on September 30, 2014 and continued into FY 2015.
[13] Estimate provided by Zillow.

The employee then obtained an 11 month lease in a similar style apartment building located in downtown Chicago, overlooking the Chicago River at a rate of $4,605 per month (pictured below).



Employees Who Lived In Extended Stay Housing

Eight of the 15 employees sought out extended stay housing, but did so at either the full or only minimally reduced daily per diem rates. Extended stay housing providers often offer increased discounts on furnished apartments the longer the employee resides at a given location. Even a planned stay of a full month yields a significantly lower average daily per diem rate than if the same property were rented on a daily basis. Given that these employees often stayed in extended stay housing continuously for months at a time, the IRS could have realized further savings had their employees signed multi-month agreements with extended stay housing providers. For example, an employee on detail to Washington lived in Arlington, VA at an Oakwood ExecuStay property for six and a half months. The employee was charged on a daily rate equal to the maximum allowable per diem amount instead of seeking a discount for six and a half months of continuous housing. As a result, this employee's rent amounts ranged from $4,956 per month to $7,099 per month. The total cost of the employee's six and a half month stay in Arlington was $39,871.

Long-Term Travel Leads to a Number of Other Substantial Peripheral Expenses

When an employee is on long-term travel, they can incur a number of additional expenses beyond the expected housing costs discussed above, the cost of meals, and transportation costs. These expenses, particularly when sustained over prolonged periods of time, can also lead to significant increases in the overall cost of an employee's travel. Furthermore, there can be areas where IRS employees elect to charge the IRS for additional expenses in excess of what they would have typically incurred in their private lives. As such, the Committee during its review saw a number of areas of spending where the expenses appeared to have been either excessive or prohibited. Areas where the Committee saw potential abuses or excessive spending include the following:

- *Laundry/Dry Cleaning* – According to the FTR, employees may seek reimbursement for laundry and dry cleaning expenses when they incur a minimum of four consecutive

nights lodging on official travel.[14] The Committee found during the course of its review that the majority of the 15 employees claimed laundry and/or dry cleaning at some point during their travels. However, six employees claimed what appeared to be unusually high amounts of dry cleaning and laundry expenses. For example, one employee over the course of nine months claimed $1,513 in dry cleaning and laundry expenses, $373 of which were claimed in September 2015 alone. Figure 3 below lists all employees claiming dry cleaning in excess of $500 in FY 2015.

Figure 3: IRS Employee Laundry Expenses Exceeding $500

Employee Number	Cost
Employee 23	$1513
Employee 16	$831
Employee 6	$1,087
Employee 8	$832
Employee 12	$991
Employee 13	$738

Source: IRS Travel Vouchers.

The Committee also notes that it saw instances of employees on week long trips claiming expenses for dry cleaning that was received back either the day before or the day that the employee returned to their home POD. In those cases, while technically allowable, the employees appear to be offloading the cost of their dry cleaning onto the IRS, given that they no longer would have a need for additional clothes for the remainder of their trip.

- *Cable/Internet Bills* – In both instances where employees rented their own apartment or townhouse, neither lease amount included utilities, which were billed separately. In addition to trash, water, and electricity bills, the IRS covered cable and internet costs for the employees with the exception of DVR fees. While some bills covered were reasonable, the IRS paid for one employee living in Washington to have a triple play bundle (cable, telephone, and internet), which cost the IRS $178 per month and included access to all premium channels. In a similar situation, the IRS reviewed another bundle acquired by an employee at a total cost of $106 per month and ultimately determined that it would only pay for $49 of these costs per month. The Committee believes that similar measures could have been applied to the first employee, significantly decreasing the associated costs.

- *Taxis* – The Committee saw several instances of IRS employees commuting by taxi to and from their work location in Washington. The Committee also found that one employee took Uber Black car service from Manhattan to LaGuardia Airport at a cost of $100. Another employee charged the IRS for taxi rides to dinner and the grocery story, despite living in downtown Atlanta where numerous food options exist within walking

[14] 5 C.F.R. §301-11.31 (2004).

distance of the employee's hotel. Taxis for personal reasons such as dinner after work or trips to the store are the responsibility of the employee, not the IRS.

- *Metro Costs* – The Committee found one instance of an employee buying monthly metro passes at a cost of $230 each for five months, totaling $1,185, which is well beyond the daily commuting costs between Arlington and IRS Headquarters. This expense routinely showed up on the employee's voucher month after month and yet no one appears to have raised any concerns regarding the inappropriately high cost of the employee's transit.

- *Train Travel* – A number of IRS employees reviewed took the train when traveling, primarily utilizing Amtrak's high-speed rail service, the Amtrak Acela. Consistent with the FTR,[15] the IRS's IRM states that an employee may take the Amtrak Acela "whenever [an] approving official determines it is more advantageous to the Government or is required for security reasons."[16] While the Amtrak Acela service can be at least twice the cost of Amtrak's regional service, it did not result in enough time saved to warrant the additional cost in the opinion of the Committee and therefore violates both the FTR and the IRM. For example, an employee who routinely took the Amtrak Acela from Philadelphia or Delaware to Washington, typically saved less than 20 minutes each way in travel time.

- *Excess Baggage Fees* – The Committee found one instance where an employee incurred $210 in ancillary baggage fees, all of which were paid for by the IRS.

While many of these expenses are technically allowable, the Committee believes that they violate the traveler's responsibilities laid out in the IRM to exercise the same prudence and economy when incurring expenses on official travel as one would when traveling on personal business. In both the housing selected as well as the additional miscellaneous expenses incurred, IRS employees rarely appeared to follow these responsibilities laid out in their own manual.

Despite Internal Guidance Limiting Executive Travel, Not All Executives Are Geographically Located Where Their Jobs Are, Resulting in Unnecessary Travel Costs

In FY 2013, the Treasury Inspector General for Tax Administration ("TIGTA") reported that "a small number of executives had extremely high travel expenses … and that several executives frequently travel to the Washington area to conduct day-to-day operations." TIGTA also noted that "the cost and frequency of travel for some executives indicate that they may not live in the best location to economically accomplish their roles and responsibilities," and suggested that

[15] 5 C.F.R. §301-10.164 (2004).
[16] IRM 1.32.11.8.1.2 (Sept. 30, 2011).

"the IRS should consider a temporary or permanent change of station as an alternative to long-term temporary duty travel."[17]

During the course of TIGTA's inspection, beginning in April 2013, the IRS issued a series of internal memorandums to IRS executives addressing this issue. The first of these memorandums generally restricts IRS executives from being in travel status for more than 75 nights in a given fiscal year. If an executive is expected to exceed 75 nights prior written approval must be given by the Commissioner. The IRS then, in an April 2013 internal email to all IRS executives, further laid out the waiver process for this new rule, stating that an executive must submit a request for approval form, which is signed by the executive's supervisor and the Division Commissioner/Chief or their equivalent. The request form is submitted to the Chief Financial Officer's office for processing before being sent to the Deputy Commissioner for Operations Support and the IRS Commissioner for their review.

In June 2013, the IRS also provided new guidance on determining position PODs and official stations for executives. In this memorandum, the Acting Commissioner acknowledged that "while, in most cases, these PODs are located in the same city as the executive's official station, there are some cases where the official station is different than the geographic location where the regular duties of the position are performed." Given these circumstances, the Acting Commissioner called for all executive positions to have a position POD approved by the Expanded and Core Executive Resources Board and for the IRS to put a plan in place to bring all executives into compliance with the new guidance within six months of the date of this memorandum. The guidance allowed for exceptions but stated that any exceptions would have to be approved in writing by the IRS Commissioner and submitted in writing through the Deputy Commissioner for Operations Support. For those not in compliance, the Acting Commissioner laid out four possible solutions:

1. Relocate to the determined position POD.
2. Be reassigned to another position in the city where the executive currently lives.
3. Transition out of the IRS through discontinued service, retirement, or resignation.
4. Continue to commute to the determined position POD without further travel reimbursement.

In later guidance to covering all non-bargaining unit IRS employees, dated December 2013, the IRS modified its guidance slightly to add the stipulation that approval is only needed for travel more than 75 nights a year *to a single location*. This language reflected a slight but important shift, which significantly lessened oversight of employees on long-term assignments. Initial guidance required approval for executive travel totaling more than 75 nights a year. In January 2016, the Deputy Commissioner for Operations Support reemphasized much of this guidance to IRS executives in an internal memorandum to them. In this memorandum, he reminded all IRS executives that they are not to be in travel status for more than 75 nights to a single location in any fiscal year citing the ongoing need to "continue looking for opportunities to reduce

[17] Treasury Inspector General for Tax Administration, *Analysis of Executive Travel Within the Internal Revenue Service*, 2013-IE-R007 (July 22, 2013).

spending." He further added that prior written approval may in some cases be provided by a Deputy Commissioner unless the executive is part of a Commissioner Direct Report organization, in which case, the IRS Commissioner would have to give approval.

Despite ongoing internal guidance, the Committee's review of 15 employees with unusually high travel costs found at least two executives who appear to commute to work from a significantly different geographic location and at great ongoing cost to taxpayers. These travel habits appear to be in direct violation of the guidance listed above and assurances made by the IRS to Congress that the IRS had taken care of this issue.

Example 1: IRS Chief Technology Officer

In FY 2015, the IRS Chief Technology Officer ("CTO"), who resides in Texas, routinely commuted to Washington. In total, the CTO spent 30 weeks working in Washington with an additional four weeks where a trip was planned to Washington but cancelled, usually due to weather. In total, the CTO only spent 19 full work weeks in Texas, 9 of which involved a federal holiday.[18] Each Washington trip voucher stated that the purpose of the trip was to "travel to attend [Affordable Care Act] and [Foreign Account Tax Compliance Act] Executive Steering Committees, Technology Reviews, and other meetings." Outside of his travel to Washington, the CTO only took four other short trips around the country, which appeared to be reasonable and consistent with the duties of the CTO.

The Committee found that the CTO's itineraries to Washington were almost all identical in nature. Each Monday, the CTO would drive his vehicle to a nearby airport, park it there in what appears to be terminal parking,[19] and fly to Washington to work for the week. He would then typically depart on Thursday afternoon of the same week to return to Texas, where he would retrieve his parked vehicle and drive home. While in Washington, the CTO would often stay at the Grand Hyatt downtown or other Hyatt property if possible, incurring the full lodging per diem rate. The Committee did not see any evidence in the travel vouchers provided of any efforts made to reduce to CTO's per diem rates despite his frequent and ongoing visits to Washington. Furthermore, in the event that the CTO did not stay at the Grand Hyatt, despite numerous other properties available in downtown Washington, the CTO would often stay at another Hyatt property without metro access, taking daily taxis which appear to be to and from his work location.

The total travel costs of the CTO in FY 2015 amounted to $55,185, $50,907 of which was for his trips to Washington. Figure 4 on the next page outlines examples of the costs associated with the CTO's routine travel habits.

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[18] The remaining three weeks of the fiscal year were primarily spent traveling to locations other than Washington.
[19] According to the airport's website, terminal parking is approximately twice the cost per day of express or remote parking options available at the same airport.

Figure 4: Examples of CTO Travel Costs

Cost Description	Amount
Lodging	$18,420
Meals and Incidental Expenses	$7,761
Dallas Airport Parking	$2,538
Privately-Owned Vehicle Mileage / Tolls to and from Texas Airport	$1,146
Taxis	$1,572

Source: IRS Travel Data and Vouchers.

The CTO's travel habits raise several areas of concern for the Committee. First, given that the CTO remained in his position for almost eight years, the Committee is concerned that these travel costs may have been incurred annually. If so, the IRS has potentially spent hundreds of thousands of dollars on the CTO's commuting costs during the entirety of his tenure at the IRS.

Second, the CTO held this position in FY 2013 when the IRS made significant changes to executive travel policies to address this very issue. The CTO spent more than 75 night in travel status in Washington in FY 2015, and yet no form providing a waiver was found in the CTO's travel vouchers as required by IRS guidance. In addition, given his high rank within the IRS, his travel habits would have require the sign-off, at least initially in FY 2013 by the IRS Commissioner. The Committee believes based on the IRS's own internal guidance, particularly from the Acting Commissioner, that given that the CTO remained within the IRS and did not move to Washington, that all subsequent travel costs from the issuance of the FY 2013 guidance until his departure in FY 2016 should have been the responsibility of the CTO, not that of the IRS. Furthermore, the complete failure after years of these known travel habits to seek out alternatives such as virtual meetings is completely unacceptable. The primary job responsibilities of the IRS CTO are here in Washington. As such, the CTO should also be located in Washington. All of these facts and circumstances lead the Committee to conclude that the IRS is not following the spirit of its own guidance. Executives should be located where their jobs are and the IRS must be more responsible with taxpayer dollars, in part by stopping excessive long-distance travel.

Example 2: IRS LB&I Executive

The Committee also found that a high-ranking executive within the Large Business and International ("LB&I") division of the IRS traveled all or part of 35 weeks in FY 2015. As with the CTO, the majority of these trips were to Washington from the executive's home in Connecticut. During FY 2015, the IRS spent $51,101 on this executive's travel, $39,148 of which covered the costs of the employee commuting to and staying in Washington.

When traveling to and from Washington, the executive primarily took the Amtrak Acela, which is significantly more expensive than the Amtrak regional trains that service the same route. During FY 2015, the executive took 39 one-way train trips to Washington, 38 of which were on

the Amtrak Acela at a total cost of $9,050.[20] The average cost of these trips was $234 each way with the most expensive round-trip ticket costing the IRS $570. The Committee only found one instance of the employee taking the Amtrak Regional train, which is generally a fraction of the cost of the Amtrak Acela.

As discussed in a previous section of this report, the IRS's IRM states that an employee may take the Amtrak Acela "whenever [an] approving official determines it is more advantageous to the Government or is required for security reasons."[21] No security concerns were noted in the travel vouchers provided leaving the trip time as the only potential reason why the executive could have opted to take the Amtrak Acela. However, upon reviewing the Amtrak train schedules for both options to determine the approximate amount of time saved, the Committee believes that the small amount of time saved by routinely taking the Amtrak Acela does not justify the added cost to the IRS and as such, the expenses were inappropriate and a waste of thousands of dollars in taxpayer funds.

Alternative Agency Solutions

The Committee's review of other agencies within its jurisdiction found that long-term travel guidelines vary greatly from agency to agency. Moreover, both SSA and CMS have instituted policies that both better define long-term travel assignments and reduce per diem rates when long-term travel scenarios occur. [22] Both policies, which are described below, could serve as templates for an IRS long-term travel policy.

SSA

SSA defines long-term travel as any assignment to a TDY location that exceeds 30 consecutive days. Depending on the length of the assignment, SSA expects employees to obtain lodging in long-term accommodations (e.g., an apartment or extended stay hotel) rather than traditional short-term facilities, such as hotels and motels. During such travel assignments, employees should be able to maintain a reasonable standard of living, without reaping any financial gains or suffering any losses.

SSA policy allows employees on long-term assignments to claim up to the full per diem rate for up to the first 30 days of the assignment. SSA then reduces both the lodging and M&IE per diem rates to 60 percent of the full per diem rate after that. In cases where lodging cannot be found at a reduced rate of 60 percent of the full per diem rate, [23] the employee is authorized for a per diem

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[20] The Committee included in these calculations a round trip ticket for which the return ticket was booked for October 1, 2015. Because the round trip tickets were booked and paid for together, the Committee could not disaggregate the amount of the return ticket from the calculations and therefore included it as part of the aggregate amount.

[21] IRM 1.32.11.8.1.2 (Sept. 30, 2011).

[22] The Committee also reviewed USITC's travel policies but found that they do not have employees who engage in long-term travel. Furthermore, the USITC has a travel handbook that provides guidance for all forms of travel, but does not define or provide any additional guidance regarding long-term travel.

[23] SSA policy permits exceptions to standard reductions in per diem rates when an employee cannot obtain lodging at the reduced rate of 60 percent or when the employee cannot obtain lodging with a full kitchen. SSA defines a full kitchen as one with an oven with burners and a refrigerator.

rate after the first 30 days that exceeds the 60 percent reduced lodging per diem rate but is less than the full per diem lodging rate. In “exceptionally rare” situations, an employee may receive the full lodging per diem rate for the entirety of the assignment if the employee cannot obtain lodging at a reduced rate (e.g., when an employee goes on a long-term assignment in a geographic area with high per diem rates such as, San Francisco, New York City, etc.). In cases where an employee cannot obtain lodgings with a full kitchen, they remain eligible to claim the full M&IE rate for the duration of the assignment.

CMS

CMS considers “extended” travel to be broadly established by the FTR as travel lasting more than a year, and believes that the FTR establishes an obligation for agencies to make considerations for any travel lasting longer than six months in duration. To meet the intent of the FTR, the United States Department of Health and Human Services (“HHS”), which establishes the extended travel policy for CMS, defines an "extended" travel assignment as one where the employee stays for official duty purposes in the same TDY station for at least 14 lodging nights.[24] However, CMS believes that the procedures discussed in the HHS Travel Policy Manual are considered appropriate to apply to any assignment in a single TDY duty station that lasts longer than one week. As a result, CMS reduces lodging and M&IE per diem rates when an employee is on long-term or extended travel. Specifically, when a travel assignment lasts 30 lodging nights or more, HHS guidance states that the lodging per diem should be reduced as employees are expected to secure extended stay or long-term lodging facilities at substantially lower rates.

In addition to reducing the lodging per diem rates, CMS also requires that all long-term lodging accommodations include facilities for preparing and eating meals, allowing for the M&IE portion of the per diem rate to then be reduced as well, generally by at least one-half of the locality’s per diem rate.[25] CMS explained in its response that “per diem is established by GSA with recognition that a normal temporary duty trip would be of such short duration that a traveler would likely not have the time or means to identify a grocery store and shop for groceries, or a means to prepare food (such as a stove, cooking and eating utensils, etc.). This would obligate the traveler to take meals in restaurants for a short time at a cost greater than what they are accustomed to. That is, they would incur costs personally in the performance of the peoples' business. For this reason Government travelers are reimbursed M&IE at a standardized rate.” CMS also added that at the point when an employee’s per diem is reduced, they expect that the employee is familiar with their surroundings and resources, has obtained means to prepare at least some of their own meals, and should no longer be experiencing a great personal financial disruption.

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[24] Section 5.1.3.4 of the HHS Travel Policy Manual, available at http://www.psc.gov/docs/default-source/travel/2012_policy_manual.pdf.

[25] Section 5.1.3.4 of the HHS Travel Policy Manual, available at http://www.psc.gov/docs/default-source/travel/2012_policy_manual.pdf.

Conclusions

The Committee's review of IRS travel policies as well as the actual long-term travel habits of some of its employees have led to a number of troubling findings. The number of employees who travel more than half of the year and the cost at which they do so is simply unacceptable. These findings also raise questions about the travel habits of other IRS employees who were outside the scope of this review but who may have had longer travel assignments. More troubling is that the IRS has the tools within its grasp to significantly reduce travel per diem rates and yet it elects not to do so. While the IRS believes that it cannot limit payments to employees for travel expenses to levels below the per diem amount solely to reduce administrative costs, the Committee strongly disagrees with this assertion. The Committee urges the IRS to consider further internal guidance better defining long-term travel (not just for taxable purposes) and instructing approving officials to routinely reduce per diem rates for long-term travel in accordance with Section 301-11.200, *Subpart C – Reduced Per Diem* of the FTR and Section 1.32.11.8.2.1, *Reduced Per Diem* of the IRM.

The IRS must also better emphasize the personal responsibility of each and every IRS employee to spend taxpayer funds as they would their own. The Committee saw far too many examples of "excess costs resulting from … luxury accommodations or services unnecessary or unjustified in the performance of official business" on the part of IRS employees during the course of this review, a direct violation of FTR Section 301-2.4. Luxury apartments, black car service, and unnecessary Amtrak Acela rides cannot continue. Not enough effort was made on the part of the employees or their supervisors to reduce expenses in ways that would still allow the employee to travel comfortably while incurring much more reasonable costs for the IRS.

Finally, the IRS must enforce its existing guidance regarding executive travel and executive PODs for *all* executives. In particular, the prolonged travel habits of the CTO were quite frankly unacceptable. Given his tenure at the IRS, these habits could not have gone unnoticed by the top levels of IRS management, and yet they continued. The Committee also concludes that based on the then Acting Commissioner's 2013 guidance, the CTO should have been responsible for all travel costs from the guidance's implementation date until his departure from the IRS earlier this year.

While the Committee is disappointed in these findings, and believes that IRS travel practices will continue to come under the close scrutiny of the Committee, we hope that the agency will voluntarily adopt some of the best practices laid out in this report and recommendations from the Committee to improve its own internal processes.