

General Misconduct

Written by Nick Sanders
Monday, 29 October 2012 00:00

We [warned](#) readers a while ago that Congress and the Executive Branch agencies were targeting travel expenditures. Travel-related spending is perceived as the low-hanging fruit of waste, fraud, and abuse—the current target of opportunity for those who are looking for quick spending reductions. And it's not only government employee travel that's in the cross-hairs; travel-related spending by government contractors is also being targeted.

Recently, Federal Times [reported](#) that the U.S. Army spent more than \$10 million at each of its last two Association of the U.S. Army (AUSA) three-day conferences. Federal Times told its readers that—

Bloomberg reported that the Army spent \$10.7 million on the 2010 conference and \$10.6 million in 2011. ... The revelations of the Army spending come after the General Services Administration and the Veterans Affairs Department were rocked by scandals involving excessive conference spending. Bloomberg noted that each Army conference cost roughly 13 times as much as GSA's \$823,000 conference, which was held in Las Vegas in 2010 and ended up bringing down the agency's administrator.

The Army told Bloomberg it would be misleading and unfair to compare its conferences to GSA's and VA's. ... AUSA spokesman David Liddle told Bloomberg that the conferences' transparency, structure and value make them 'the gold standard of how these things should be run.'

Apparently, gold has been devalued recently, because AUSA organizers "expect about 5,000 fewer attendees" at the 2012 AUSA conference, according to [this article](#) at Defense News. The Defense News article asserted that the attendance reduction stemmed from a government "crack down on federal worker travel and conference spending."

The Department of Energy has also had some recent issues with travel expenditures. The [Washington Post](#) reported that the DOE spent \$360 million in travel-related expenses—85 percent of which was spent by contractors. WaPo reported a recent DOE Inspector General audit report that criticized the lack of controls on contractor travel, particularly with respect to international trips. WaPo reported—

Contractors have taken more than 90,000 international trips during that period, according to the [DOE IG] audit, which comes as federal agencies have been [under orders to cut back](#) on all government travel. Department managers acknowledged to auditors they did not seek to limit contractor travel and generally let contractors decide which trips were justified for their

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work.

WaPo did *not* tell its readers the following facts—

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Contractor travel is audited after reimbursement, often by auditors from the DOE IG. So if the international trips were not justified by a bona fide business need, the costs could be disallowed.

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Contractor travel is *already* controlled by operation of the FAR and Dept. of Energy Acquisition Regulation Supplement (DEARS). For example, the FAR Cost Principle found at 31.205-46 puts ceilings on contractors' travel-related costs for items such as airfare and car rentals.

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Contractor travel is *already* controlled by lodging and per diem limits established by the General Services Administration.

So Department of Energy contractors that incur excessive, unreasonable, or unrelated travel costs can have such costs disallowed after reimbursement. Indeed, if a contractor intentionally billed the Dept. of Energy for travel-related costs that it knew to be unallowable pursuant to the FAR, DEARS, or contract terms and conditions, then that contractor would be running a risk that it would be accused of submitting False Claims ... which would be very, very bad for that contractor. So we all understand that this is another bit of hand-wringing, but we should also all understand that it's a foretaste of the kind of scrutiny that's going to be applied to travel-related expenditures.

But while all the scrutiny and crack-downs and hand-wringing was happening within The Beltway, one Army General was sticking to the old school approach of doing *whatever the hell he wanted*. At least, that's the way the Dept. of Defense Inspector General [reported it](#)

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According to the DOD IG, General (now Major General, soon to be retired) William E. Ward, Commander, AFRICOM, “engaged in multiple forms of misconduct related to official and unofficial travel, misused a Government vehicle, misused Official Representation Funds [by distributing them to persons not authorized to receive them], wasted Government funds, and misused his position [by permitting staff members to perform personal services for him].”

Specifically, the DOD IG found that MG Ward had used military aircraft and received reimbursement for travel-related expenses “when the predominant purpose of the travel was personal.” He allowed his spouse to travel on military aircraft “without sufficient justification and without reimbursing the Government.” He received “actual expense reimbursement [in excess of per diem rates] without proper authorization.” He failed to use his Government Charge Card for incurring travel-related expenses.

Oh, and he “accepted free meals and tickets to a Broadway show from a prohibited source with multiple DOD contracts.”

It is not clear at this time how and if MG Ward will be held accountable for his actions. According to this [Army Times](#) story, the Chairman of the Joint Chief of Staff, Army General Martin Dempsey, “opposes demoting” Ward and believes that Ward “should be allowed to retire at his full four-star general rank.” The story reported that the case had been sitting on Secretary of Defense Leon Panetta’s desk “for weeks,” as he heard “from all sides as he weighs his options.” The Army Times reported—

Other officials have argued that the allegations made against Ward in the IG report were very serious and that senior officers need to be held accountable. Officials have suggested that similar misconduct by a lower ranking officer or enlisted military member would garner severe punishment or dismissal.

General Dempsey is not alone in defending Ward. The Defense Industrial Daily had this to say about the situation—

US Army Chief of Staff Gen. Raymond Odierno [on whether](#) Gen. William Ward [should be demoted](#) following a scathing IG report on his use of public funds for private expenses: ‘I’ve never heard

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of a private getting fined a million dollars.' Well, General, neither have you ever heard of a private being in a position to spend tens of thousands of dollars on personal flights and hotel stays, or retiring on \$236K a year.

Is MG Ward simply the latest scapegoat in a long line that includes several GSA executives, or is he perhaps in a category of his own? We are certainly in no position to judge.

But we do believe that you need to reevaluate your direct and indirect travel-related expenses, in light of the increased scrutiny such costs are being given. You need to reevaluate your trade show spending, and your business conference spending, and your technical seminar spending, as well. The financial and public reputation risks associated with such spending have increased, and that would seem to call for increased controls in those areas.