

# GAO Highlights

Highlights of [GAO-15-511](#), a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

DOD provides LQA as an incentive to recruit eligible individuals for civilian employee assignments overseas. In 2014 DOD spent almost \$504 million on LQA for about 16,500 civilian employees to help defray overseas living expenses, such as rent and utilities. GAO was asked to review DOD's implementation of LQA policies for overseas employees. This report evaluates the extent to which (1) DOD has clarified its LQA eligibility requirements and is monitoring its components' LQA eligibility determinations; and (2) DOD, State, and OPM have helped ensure consistency in the interpretation of LQA eligibility requirements.

GAO reviewed the DSSR, DOD's LQA Instruction, and OPM compensation claim decisions. GAO interviewed DOD, State, and OPM officials responsible for overseeing, implementing, or interpreting LQA eligibility requirements, including a nongeneralizable sample of 15 DOD local human resource offices in the U.S. European Command and U.S. Pacific Command areas of responsibility selected based on the number of employees determined to have been erroneously paid LQA in DOD's 2013 LQA audit.

## What GAO Recommends

GAO recommends DOD monitor components' reviews of LQA eligibility determinations and discuss concerns about DSSR LQA eligibility requirements with State. GAO also recommends that OPM develop timeframes for the timely web posting of its decisions. DOD and OPM concurred with GAO's recommendations.

View [GAO-15-511](#). For more information, contact Johana Ayers at (202) 512-5741 or [ayersj@gao.gov](mailto:ayersj@gao.gov).

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## DEFENSE CIVILIAN COMPENSATION

### DOD and OPM Could Improve the Consistency of DOD's Eligibility Determinations for Living Quarters Allowances

## What GAO Found

The Department of Defense (DOD) and its components have taken steps to clarify living quarters allowance (LQA) eligibility requirements for civilian employees overseas, but DOD has not monitored its components' LQA eligibility determinations. DOD and its components are to make LQA eligibility determinations in accordance with Department of State (State) Standardized Regulations (DSSR) as well as department-wide and component-level guidance. However, after conducting an audit in 2013, DOD determined that 680 of its civilian employees had erroneously received LQA. Most erroneous LQA payments were attributed to misinterpretations of eligibility requirements. This determination was based in part on a 2011 interpretation of a DSSR eligibility requirement for LQA by the Office of Personnel Management (OPM), which settles federal employee compensation claims. After the audit, DOD issued a memorandum and point paper to implement OPM's interpretation and clarify LQA eligibility requirements. DOD is also updating its LQA Instruction, DOD Instruction 1400.25, Volume 1250, to incorporate OPM's 2011 interpretation. Some DOD components also issued clarifying guidance and adopted new procedures for making LQA eligibility determinations. For example, U.S. Air Forces in Europe developed a flow chart to help human resource specialists determine whether overseas job applicants are eligible for LQA. DOD's LQA Instruction directs DOD components to conduct periodic quality assurance reviews of LQA eligibility and payments, but according to DOD and component officials, they have not consistently done so. Further, the Deputy Assistant Secretary of Defense for Civilian Personnel Policy is responsible for monitoring the implementation and effectiveness of DOD's LQA Instruction and administers this responsibility through the Defense Civilian Personnel Advisory Service. However, this office has not monitored its components' reviews of LQA eligibility determinations. Without such monitoring, DOD cannot ensure that LQA eligibility determinations are being made in accordance with applicable regulations and policies.

Agencies have missed opportunities to ensure consistent interpretation of LQA eligibility requirements.

- DOD components have raised concerns that some DSSR LQA eligibility requirements are ambiguous or outdated, but DOD has not discussed these concerns with State to determine whether the DSSR should be revised. State officials told GAO that they have collaborated with DOD and other agencies on eligibility issues for other allowances in the past and would be open to future discussions. Without communicating its concerns to State, DOD cannot ensure that State has the information it needs to make any adjustments to the DSSR, if appropriate.
- Until recently, OPM had not made its compensation claim decisions widely available to federal agencies, including DOD, and the public because of limited funding. OPM is implementing a new web application for posting compensation claim decisions to its website, but has not established timeframes to routinely post individual decisions. In the absence of doing so, OPM cannot ensure that agencies will have timely access to the most up-to-date information on LQA eligibility issues.