



Highlights of [GAO-06-1011](#), a report to congressional committees

## Why GAO Did This Study

Servicemembers who are assigned, deployed, or travel on temporary duty to certain foreign areas are eligible for special pays and benefits including (1) *imminent danger pay* (IDP) when the Department of Defense (DOD) determines that members are subject to the threat of physical harm or imminent danger and (2) *combat zone tax relief* (CZTR) benefits, which allow members to exclude earned income from federal taxes. If travel to IDP- or CZTR-designated areas begins during one month and concludes during another (known as cross-month travel), members could receive 2 full months of benefits.

GAO conducted this review under the Comptroller General's authority to initiate such reviews. GAO evaluated DOD's (1) process for reviewing IDP areas and (2) internal controls over servicemembers' temporary duty travel to areas designated for IDP and CZTR benefits. GAO is also providing information on the reporting of IDP and CZTR data. GAO analyzed legislation, guidance, travel vouchers, and internal control standards and interviewed appropriate officials.

## What GAO Recommends

GAO recommends that DOD strengthen management of IDP and CZTR benefits, and added a matter for congressional consideration to improve reporting. DOD generally agreed with two recommendations and disagreed with a third one to monitor cross-month travel. [www.gao.gov/cgi-bin/getrpt?GAO-06-1011](http://www.gao.gov/cgi-bin/getrpt?GAO-06-1011).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon Pickup at (202) 512-9619 or [pickups@gao.gov](mailto:pickups@gao.gov).

## MILITARY PERSONNEL

# Actions Needed to Strengthen Management of Imminent Danger Pay and Combat Zone Tax Relief Benefits

## What GAO Found

DOD's processes for reviewing existing IDP areas could be improved. While combatant commanders have taken the initiative periodically to make recommendations to designate or terminate IDP areas, DOD has not conducted annual reviews of existing IDP designations in accordance with its guidance to ensure that conditions in these areas continue to warrant such designation. Also, DOD has not updated its guidance to reflect current responsibilities for initiating annual reviews or to include factors used to determine when conditions in foreign areas pose the threat of physical harm or imminent danger to servicemembers on duty in these locations. DOD conducted 6 annual reviews between 1992 and 2006. When conducting reviews, DOD has queried combatant commanders using a set of factors to determine the nature of threats to servicemembers. However, DOD has not incorporated these factors into its guidance. By conducting annual reviews in accordance with its guidance, DOD could strengthen its oversight of IDP designations to ensure that conditions in designated areas continue to pose the threat of physical harm or imminent danger to servicemembers and that these areas should continue to be designated.

Internal controls over servicemembers' temporary duty travel to areas designated for IDP or CZTR benefits need to be strengthened. While two DOD components have instituted policies to regulate and monitor cross-month travel to these areas, there is no similar departmentwide policy to ensure that travel to areas designated for IDP or CZTR benefits needs to cross calendar months. Data limitations prevented GAO from determining the full extent of temporary duty travel to areas designated for IDP and CZTR benefits, as well as how much of this travel crosses calendar months. The U.S. Central Command and U.S. Army, Europe—which collectively account for 62 percent of IDP areas and 86 percent of CZTR benefit areas—have developed policies and controls to monitor and regulate cross-month travel to areas designated for IDP and CZTR benefits to preclude, in their view, the appearance of abuse of these benefits. By establishing internal controls such as a departmentwide policy and periodic audits to monitor cross-month travel, DOD could ensure all areas are covered and further strengthen its management of IDP and CZTR benefits.

DOD tracks IDP costs and servicemembers' compensation that qualifies for CZTR benefits. While DOD reports the cost of IDP to Congress as part of its budget request, the department does not report servicemembers' compensation that qualifies for CZTR benefits. Combat zone tax relief benefits could allow servicemembers to exclude a significant portion of their income from federal taxes. Reporting data on CZTR benefits to Congress could provide information on the extent of this benefit and aid Congress in its oversight role.