



Highlights of GAO-04-576, a report to congressional requesters

# DOD TRAVEL CARDS

## Control Weaknesses Resulted in Millions of Dollars of Improper Payments

### Why GAO Did This Study

Ineffective management and oversight of the Department of Defense's (DOD) premium class travel and unused airline tickets led to concerns about DOD's overall management of the centrally billed accounts. GAO was asked to determine whether (1) DOD improperly reimbursed travelers for airline tickets DOD paid for using centrally billed accounts, (2) internal controls were effective in preventing issuance of unauthorized airline tickets, and (3) other control weaknesses led to compromised and fraudulently used centrally billed accounts.

### What GAO Recommends

To prevent DOD from paying for airline tickets twice, GAO continues to recommend that DOD evaluate the feasibility of requiring DOD personnel to use individually billed travel cards to purchase airline tickets. GAO makes 11 new recommendations to improve DOD management of centrally billed accounts including the following:

- determine the feasibility of establishing control procedures to validate the authenticity of travel orders prior to issuing airline tickets purchased with the centrally billed accounts;
- implement physical safeguards over centrally billed account numbers; and
- recover payments made to travelers who were improperly reimbursed for airline tickets that DOD paid for with centrally billed accounts.

DOD concurred with all 11 recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-04-576](http://www.gao.gov/cgi-bin/getrpt?GAO-04-576).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Greg Kutz at 202-512-9505 or kutzg@gao.gov.

### What GAO Found

A weak control environment and breakdowns in key controls over centrally billed accounts resulted in DOD paying travelers for airline tickets they did not purchase, issuing and paying for unauthorized airline tickets, and paying for goods and services obtained with compromised centrally billed accounts. Based on mining of limited fiscal year 2001 and 2002 data provided by the Army, Navy, and Marine Corps, GAO identified about 27,000 transactions totaling more than \$8 million in which DOD potentially reimbursed travelers for airline tickets paid for by DOD—not the travelers. Requesting reimbursement for items that the traveler knowingly did not pay for may be a crime that could result in imprisonment or a monetary fine, or both. GAO's subsequent tests of a nonrepresentative selection of 124 individuals who submitted 204 of these 27,000 transactions confirmed that DOD improperly paid 91 individuals almost \$98,000 for 123 airline tickets DOD purchased with centrally billed accounts. Only 4 travelers voluntarily reimbursed DOD prior to GAO initiating the audit, even though typically, more than a year had passed since the improper payments. Several travelers submitted multiple claims for airline tickets they did not purchase, which could indicate intent to defraud the government. In 2003, the Air Force Audit Agency reported that this same problem existed at the Air Force and estimated that, if not corrected, this problem will cost the Air Force more than \$6 million over 6 years.

#### Examples of Potentially Fraudulent Travel Claims

Grade/rank	Cost	Number	Nature of cases
GS-15	\$9,700	13	Traveler claimed he did not notice the additional \$9,700 in his bank account.
GS-13	3,600	6	Traveler continued to submit false claims after DOD told the traveler to stop requesting reimbursement for airline tickets purchased with centrally billed accounts. The traveler also rented luxury vehicles—such as a Mercedes Benz—while on government travel and approved his own travel vouchers.
E-9	1,400	2	Traveler told us he knew of the improper payment, but he was waiting for DOD to request repayment.

Source: GAO review of DOD travel data.

GAO also determined that key internal controls did not provide DOD reasonable assurance that (1) airline tickets purchased and paid for with the centrally billed accounts were based on valid travel orders and (2) centrally billed account numbers were adequately protected against unauthorized use. To demonstrate weaknesses in DOD's system of internal controls, GAO submitted a fictitious travel order to a commercial travel office to obtain an airline ticket from Washington, D.C., to Atlanta, Ga. DOD issued GAO the airline ticket, established an obligation, and paid for the ticket without detecting the fictitious nature of the request. GAO also found instances where a lack of physical safeguards resulted in the centrally billed account numbers being stolen and used for personal gain. One DOD traveler stole a centrally billed account number to purchase over 70 airline tickets totaling more than \$60,000, which he sold at a discounted rate to coworkers and their family members for personal travel. Because DOD disputed those fraudulent charges, DOD did not pay for those tickets. However, not all DOD units dispute unauthorized charges. As a result, DOD is vulnerable to paying for fraudulent charges on compromised centrally billed accounts.