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# DEFENSE TRAVEL SYSTEM

## Overview of Prior Reported Challenges Faced by DOD in Implementation and Utilization

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Highlights of [GAO-08-649T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

In 1995, the Department of Defense (DOD) began an effort to implement a standard departmentwide travel system, the Defense Travel System (DTS). This testimony is based on previously issued GAO reports and testimonies that highlighted challenges confronted by DOD in the implementation of DTS. More specifically, today's testimony focuses on prior GAO reporting concerning (1) the lack of quantitative metrics to measure the extent to which DTS is actually being used, (2) weaknesses with DTS's requirements management and system testing, and (3) two key assumptions related to the estimated cost savings in the September 2003 DTS economic analysis were not reasonable. Today's testimony also highlights some actions that DOD could explore to help streamline its administrative travel processes such as using a commercial database to identify unused airline tickets.

## What GAO Recommends

In its January and September 2006 reports, GAO made several recommendations aimed at improving the management of DTS. In commenting on these reports, DOD generally agreed with the recommendations and described efforts to address them. In commenting on the draft of the September 2006 report, DOD disagreed with the finding that the reported savings were unrealistic. However, DOD did not provide any data to support its assertion.

To view the full product, including the scope and methodology, click on [GAO-08-649T](#). For more information, contact McCoy Williams at (202) 512-2600 or [williamsm1@gao.gov](mailto:williamsm1@gao.gov).

## DEFENSE TRAVEL SYSTEM

### Overview of Prior Reported Challenges Faced by DOD in Implementation and Utilization

#### What GAO Found

Overhauling the department's antiquated travel management practices and systems has been a daunting challenge for DOD. In several prior reports and testimonies, GAO identified several key implementation issues regarding DOD's ability to make DTS the standard travel system for the department. Specifically, GAO reported that DTS was not being used to the fullest extent possible, and DOD lacked comprehensive data to effectively monitor its utilization. At the time of GAO's 2006 review, DOD's utilization data were based on a model that was developed in calendar year 2003. However, the model had not been completely updated to reflect actual DTS usage at that time. The lack of up-to-date utilization data hindered management's ability to monitor progress toward the DOD vision of DTS as the standard travel system. Additionally, the continued use of the department's legacy travel systems resulted in the underutilization of DTS and adversely affected the expected savings that DTS could achieve.

Furthermore, GAO previously reported weaknesses in DTS's requirements management and system testing practices. GAO found that DTS's requirements were still inadequate. GAO noted that until DOD improves DTS's requirements management practices, the department will not have reasonable assurance that DTS can provide the intended functionality.

Additionally, GAO's 2006 report of the September 2003 DTS economic analysis found that the two key assumptions used to estimate annual net savings were not based on reliable information. Two cost components represented the majority of the over \$56 million in estimated net savings—personnel savings and reduced commercial travel office fees. GAO's analysis found that \$24.2 million in personnel savings related to the Air Force and the Navy were not supported.

- Air Force and Navy DTS program officials stated that they did not anticipate a reduction in the number of personnel, but rather the shifting of staff from the travel function to other functions.
- The Naval Cost Analysis Division stated that the Navy will not realize any tangible personnel cost savings from the implementation of DTS.

In regard to the commercial travel office fees, GAO's 2006 reporting disclosed that the economic analysis assumed that 70 percent of all DTS airline tickets would either require no intervention or minimal intervention from the commercial travel offices resulting in an estimated annual net savings of \$31 million. However, the support provided by the DTS program office was an article in a trade industry publication. The article was not based on information related to DTS, but rather on the experience of one private-sector company. In addition, GAO identified concepts that the department can adopt to streamline its travel management practices.

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss our two reports<sup>1</sup> and related testimonies<sup>2</sup> regarding the problems encountered by the Department of Defense (DOD) in its efforts to implement the Defense Travel System (DTS). In 1995, the DOD Task Force to Reengineer Travel issued a report that pinpointed three principal causes for DOD's inefficient travel system: (1) travel policies and programs were focused on compliance with rigid rules rather than mission performance, (2) travel practices did not keep pace with travel management improvements implemented by industry, and (3) the travel system was not integrated. To address these concerns, DOD established the Project Management Office—Defense Travel System (PMO-DTS) to acquire travel services that would be used DOD-wide as the department's standard end-to-end travel system.<sup>3</sup> The department estimated that DTS would be deployed at an estimated 11,000 locations during fiscal year 2007. The September 2003 economic analysis noted that DTS, when fully implemented, would result in annual net savings of over \$56 million during fiscal years 2009 to 2016. In December 2003, the department's Chief Information Officer approved funding for DTS of approximately \$564 million. Of this amount, the contract for the design, development, and deployment of DTS was for about \$264 million. The remaining costs are associated with areas such as the operation and maintenance of DTS, operation of the PMO-DTS, the voucher payment process, and management and oversight of the numerous contracted commercial travel offices.

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<sup>1</sup>GAO, *DOD Business Transformation: Defense Travel System Continues to Face Implementation Challenges*, [GAO-06-18](#) (Washington, D.C.: Jan. 18, 2006) and *Defense Travel System: Reported Savings Questionable and Implementation Challenges Remain*, [GAO-06-980](#) (Washington, D.C.: Sept. 26, 2006).

<sup>2</sup>GAO, *Defense Travel System: Estimated Savings Are Questionable and Improvements Are Needed to Ensure Functionality and Increase Utilization*, [GAO-07-208T](#) (Washington, D.C.: Nov. 16, 2006), and *DOD Business Transformation: Preliminary Observations on the Defense Travel System*, [GAO-05-998T](#) (Washington, D.C.: Sept. 29, 2005).

<sup>3</sup>DOD expects DTS to perform all functions related to travel or ensure that other systems are provided with adequate information to provide this functionality. For example, obligating funds associated with travel is a necessary function, and DTS is expected to (1) make sure that adequate funds are available before authorizing travel either through information contained in its system or by obtaining the necessary information from another system, (2) obligate funds through issuance of approved travel orders, and (3) provide DOD's financial management systems with the necessary information so that those systems can record the obligation. Since DTS is required to ensure that all travel-related functionality is properly performed, DOD commonly refers to DTS as an "end-to-end travel system."

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My testimony today is based on our prior reports and testimonies<sup>4</sup> and I will highlight three key findings we previously reported upon.

- The department did not have quantitative metrics to measure the extent to which DTS was actually being used.
- DOD had not addressed several functional problems associated with weak requirements management and system testing.
- Two key assumptions related to the estimated cost savings in the September 2003 DTS economic analysis were not reasonable.

Finally, I will highlight suggestions of actions that the department could explore to help streamline its travel processes.

The underlying work done to support our reports and testimonies was performed in accordance with generally accepted government auditing standards. Details on our scope and methodology are discussed in each respective report and testimony.

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## Summary

Our prior reports and testimonies<sup>5</sup> related to DTS have highlighted various management challenges that DOD confronted in attempting to make DTS the standard end-to-end travel system for the department. For example, our 2006 report noted that the department did not have quantitative metrics to measure the extent to which DTS was being used. At the time of our review in 2006, the reported DTS utilization rates were based on a methodology that was developed using estimated data, and PMO-DTS program officials acknowledged that the model had not been updated with actual data as DTS continued to be implemented at the 11,000 sites. As a result, the PMO-DTS relied on outdated information in calculating DTS utilization rates that were reported to DOD management and the Congress. Additionally, we have previously reported the continued use of the department's legacy travel systems resulted in the underutilization of DTS and adversely affected the savings DTS could achieve.

We also reported in 2006 that DOD had not addressed several functional problems associated with weak requirements management and system

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<sup>4</sup>GAO-06-18, GAO-06-980, GAO-07-208T, and GAO-05-998T.

<sup>5</sup>GAO-06-18, GAO-06-980, GAO-07-208T, and GAO-05-998T.

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testing. Requirements represent the blueprint that system developers and program managers use to design, develop, test, and implement a system. Because requirements provide the foundation for system testing, they must be complete, clear, and well documented to design and implement an effective testing program. Adequately defined and tested requirements are one of the key elements to help reduce a project's risks to acceptable levels.<sup>6</sup> We identified 246 unique General Services Administration (GSA) city pair flights that should have been identified on one or more DTS flight displays according to the DOD requirements. However, 87 of these flights did not appear on one or more of the required listings. As a result, DTS users did not have access to needed flight information.

Furthermore, our 2006 report noted that DOD's September 2003 DTS economic analysis found that two key assumptions used to estimate cost savings were not well supported. Two primary areas represented the majority of the over \$56 million of estimated annual net savings DTS was expected to realize—personnel savings of \$24.2 million and reduced commercial travel office fees of \$31 million. The \$24.2 million estimated annual personnel savings were attributed to the Air Force and Navy.<sup>7</sup> However, Air Force and Navy DTS officials stated that they did not anticipate a reduction in the number of personnel with the full implementation of DTS, but rather the shifting of staff to other functions. Further, the Naval Cost Analysis Division stated that the Navy will not realize any tangible personnel cost savings from the implementation of DTS. DOD officials responsible for reviewing economic analyses stated that while shifting personnel to other functions is considered a benefit, it should be considered an intangible benefit rather than tangible dollar savings since the shifting of personnel does not result in a reduction of DOD expenditures.

In regard to the estimated annual savings of \$31 million attributed to lower commercial travel office fees, we requested, but the PMO-DTS could not

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<sup>6</sup>"Acceptable levels" refers to the recognition that any systems acquisition effort will have risks and will suffer the adverse consequences associated with defects in the processes. However, effective implementation of disciplined processes, which include: project planning and management, requirements management, risk management, quality assurance, and testing, reduces the possibility of the potential risks actually occurring and prevents significant defects from materially affecting the cost, timeliness, and performance of the project.

<sup>7</sup>The economic analysis identified annual savings of \$11.3 million and \$12.9 million for the Air Force and Navy, respectively.

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provide, any analysis of travel data to support the assumption that 70 percent of all airline tickets would be considered “no touch”—meaning that there would be no or minimal intervention by the commercial travel office, thereby resulting in lower commercial travel office fees. We found that the 70 percent assumption was based on an article that appeared in a travel industry trade publication.<sup>8</sup>

In addition, as noted in our January 2006 report,<sup>9</sup> opportunities existed to achieve the vision of a travel system that reduces the administrative burden and cost while supporting DOD’s mission. At that time, some of the actions we suggested that the department could take to help streamline its travel management practices, included (1) automating approval of changes to authorized travel expenses, (2) using a commercial database to identify unused airline tickets, and (3) utilizing restricted airfares where cost effective.

In our two reports, we made 14 recommendations to help improve the department’s management and oversight of DTS. In commenting on our reports, the department generally agreed with the recommendations and described its efforts to address them. However, in commenting on a draft of our September 2006 report,<sup>10</sup> DOD disagreed with our finding that the estimated personnel savings are unrealistic. The department’s comments noted that DOD is facing an enormous challenge and continues to identify efficiencies and eliminate redundancies to help leverage available funds. In our response, we noted that the department provided no new data that countered our finding.

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## Background

In September 1993, the National Performance Review called for an overhaul of DOD’s temporary duty (TDY) travel system. In response, DOD created the DOD Task Force to Reengineer Travel to examine the travel process. In January 1995, the task force issued the *Report of the Department of Defense Task Force to Reengineer Travel*.<sup>11</sup> On

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<sup>8</sup>American Express News Releases: American Express’ Interactive Travel Update, (New York, N.Y.: Aug. 11, 2003), <http://corp.americanexpress.com/gcs/cards/us/ni/pr/081303.aspx>.

<sup>9</sup>GAO-06-18.

<sup>10</sup>GAO-06-980.

<sup>11</sup>DOD, *Report of the Department of Defense Task Force to Reengineer Travel* (Washington, D.C.: January 1995).

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December 13, 1995, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued a memorandum, “Reengineering Travel Initiative,” establishing the PMO-DTS to acquire travel services that would be used DOD-wide. In a 1997 report to the Congress, the DOD Comptroller pointed out that the existing DOD TDY travel system was never designed to be an integrated system.<sup>12</sup> Furthermore, the report stated that because there was no centralized focus on the department’s travel practices, the travel policies were issued by different offices and the process had become fragmented and “stovepiped.” The report further noted that there was no vehicle in the current structure to overcome these deficiencies, as no one individual within the department had specific responsibility for management control of the TDY travel system. To address these concerns, the department awarded a firm fixed-price, performance-based services contract in May 1998. Under the terms of the contract, the contractor was to start deploying a travel system and to begin providing travel services for approximately 11,000 sites worldwide, within 120 days of the effective date of the contract, completing deployment approximately 38 months later.

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## DTS Faced Numerous Challenges

Our reports and testimonies<sup>13</sup> related to DTS have highlighted various management challenges that have confronted DOD in attempting to make DTS the standard end-to-end travel system for the department. The issues we have reported on include underutilization of DTS, weaknesses in DTS’s requirements management and system testing practices, and the adequacy of the economic analysis. These reported weaknesses are summarized below.

- **DTS underutilization.** Our January 2006 and September 2006 reports<sup>14</sup> noted the challenge facing the department in attaining the anticipated DTS utilization. More specifically, as discussed in our September 2006 report, we found that the department did not have reasonable quantitative metrics to measure the extent to which DTS was actually being used. The reported DTS utilization was based on a

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<sup>12</sup>Office of the Under Secretary of Defense (Comptroller), *Department of Defense Travel Reengineering Pilot Report to Congress* (June 1997).

<sup>13</sup>[GAO-05-998T](#), [GAO-06-18](#), [GAO-06-980](#), and [GAO-07-208T](#).

<sup>14</sup>[GAO-06-18](#) and [GAO-06-980](#).

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DTS Voucher Analysis Model<sup>15</sup> that was developed in calendar year 2003 using estimated data, but over the years had not been completely updated with actual data.

The DTS Voucher Analysis Model was prepared in calendar year 2003 and based on airline ticket and voucher count data that were reported by the military services and defense agencies, but the data were not verified or validated. Furthermore, PMO-DTS officials acknowledged that the model had not been completely updated with actual data as DTS continued to be implemented at the 11,000 sites. At the time, we found that the Air Force was the only military service that submitted monthly metrics to the PMO-DTS officials for use in updating the DTS Voucher Analysis Model. Rather than reporting utilization based on individual site system utilization data, DOD relied on outdated information in the reporting of DTS utilization to DOD management and the Congress. We have previously reported<sup>16</sup> that best business practices indicate that a key factor of project management and oversight is the ability to effectively monitor and evaluate a project's actual performance against what was planned. In order to perform this critical task, best business practices require the adoption of quantitative metrics to help measure the effectiveness of a business system implementation and to continually measure and monitor results, such as system utilization. The lack of accurate and pertinent utilization data hindered management's ability to monitor its progress toward the DOD vision of DTS as the standard travel system as well as to provide consistent and accurate data to Congress.

DTS's reported utilization rates for the period October 2005 through April 2006 averaged 53 percent for Army, 30 percent for Navy, and 39 percent for Air Force. Because the PMO-DTS was unable to identify

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<sup>15</sup>DOD developed a model in calendar year 2003 that compares the expected usage against the actual usage. The expected usage was obtained by using historical data, such as ticket counts, to determine the expected number of vouchers processed by a given location. For example, if a location had 1,000 vouchers as its expected number of vouchers per the model, but processed 750 actual vouchers through DTS, then the PMO model considered that that location had achieved a 75 percent utilization rate. The model then took the individual computations for each DTS location and "rolled them up" to determine the total utilization for individual service performance on a monthly basis.

<sup>16</sup>GAO, *Financial Management Systems: Additional Efforts Needed to Address Key Causes of Modernization Failures*, [GAO-06-184](#) (Washington, D.C.: Mar. 15, 2006), and *Financial Management Systems: Lack of Disciplined Processes Puts Implementation of HHS' Financial System at Risk*, [GAO-04-1008](#) (Washington, D.C.: Sept. 23, 2004).



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the total number of travel vouchers that should have been processed through DTS (total universe of travel vouchers), we reported that these utilization rates may have been over- or understated. PMO-DTS program officials confirmed that the reported utilization data were not based on complete data because the department did not have comprehensive information to identify the universe or the total number of travel vouchers that should be processed through DTS. PMO-DTS and DTS military service officials agreed that the actual DTS utilization rate should be calculated by comparing actual vouchers processed in DTS to the total universe of vouchers that should be processed in DTS. The universe would exclude those travel vouchers that could not be processed through DTS, such as those related to permanent change of station travel.

The underutilization of DTS also adversely affected the estimated savings. As discussed in our September 2005 testimony<sup>17</sup> there were at least 31 legacy travel systems operating within the department at that time. The testimony recognized that some of the existing travel systems, such as the Integrated Automated Travel System, could not be completely eliminated because the systems performed other functions, such as permanent change of station travel claims that DTS could not process.

However, in other cases, the department was spending funds to maintain duplicative systems that performed the same function as DTS. Since these legacy systems were not owned and operated by DTS, the PMO-DTS did not have the authority to discontinue their operation. We have previously stated that this issue must be addressed from a departmentwide perspective.

Further, because of the continued operation of the legacy systems at locations where DTS had been fully deployed, DOD components were paying the Defense Finance and Accounting Service (DFAS) higher processing fees for processing manual travel vouchers as opposed to processing the travel vouchers electronically through DTS. According to an April 13, 2005, memorandum from the Assistant Secretary of the Army (Financial Management and Comptroller), DFAS was charging the Army \$34 for each travel voucher processed manually and \$2.22 for each travel voucher processed electronically—a difference of \$31.78.

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<sup>17</sup>[GAO-05-998T](#).

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The memorandum noted that for the 5-month period, October 1, 2004, to February 28, 2005, the Army spent about \$5.6 million more to process 177,000 travel vouchers manually rather than processing the vouchers electronically using DTS.

- **Requirements management and system testing.** Our January 2006 and September 2006 reports<sup>18</sup> noted problems with DTS's ability to properly display flight information and traced those problems to inadequate requirements management and system testing. As of February 2006, we found that similar problems continued to exist. Once again, these problems could be traced to ineffective requirements management and system testing processes. Properly defined requirements are a key element in systems that meet their cost, schedule, and performance goals since the requirements define the (1) functionality that is expected to be provided by the system and (2) quantitative measures by which to determine through testing whether that functionality is operating as expected.

Requirements represent the blueprint that system developers and program managers use to design, develop, and acquire a system. Requirements represent the foundation on which the system should be developed and implemented. As we have noted in previous reports,<sup>19</sup> because requirements provide the foundation for system testing, they must be complete, clear, and well documented to design and implement an effective testing program. Absent this, an organization is taking a significant risk that its testing efforts will not detect significant defects until after the system is placed into production. We reported in September 2006<sup>20</sup> that our analysis of selected flight information disclosed that DOD did not have reasonable assurance that DTS displayed flights in accordance with its stated requirements. We

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<sup>18</sup>[GAO-06-18](#) and [GAO-06-980](#).

<sup>19</sup>See, for example, [GAO-04-1008](#) and GAO, *Army Depot Maintenance: Ineffective Oversight of Depot Maintenance Operations and System Implementation Efforts*, [GAO-05-441](#) (Washington, D.C.: June 30, 2005).

<sup>20</sup>[GAO-06-980](#).

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analyzed 15 domestic GSA city pairs,<sup>21</sup> which should have translated into 246 GSA city pair flights for the departure times selected. However, we identified 87 flights that did not appear on one or more of the required listings based on the DTS requirements.

After briefing PMO-DTS officials on the results of our analysis in February 2006, the PMO-DTS employed the services of a contractor to review DTS to determine the specific cause of the problems and recommend solutions. In a March 2006 briefing, the PMO-DTS acknowledged the existence of the problems and identified two primary causes. First, part of the problem was attributed to the methodology used by DTS to obtain flights from the Global Distribution System (GDS). The PMO-DTS stated that DTS was programmed to obtain a “limited” amount of data from GDS in order to reduce the costs associated with accessing GDS. This helps to explain why flight queries we reviewed did not produce the expected results. To resolve this particular problem, the PMO-DTS proposed increasing the amount of data obtained from GDS. Second, the PMO-DTS acknowledged that the system testing performed by the contractor responsible for developing and operating DTS was inadequate, and therefore, there was no assurance that DTS would provide the data in conformance with the stated requirements. This weakness was not new, but rather reconfirmed the concerns discussed in our September 2005 testimony and January 2006 report<sup>22</sup> related to the testing of DTS.

- **Validity of economic analysis.** As noted in our September 2006 report,<sup>23</sup> our analysis of the September 2003 economic analysis found that two key assumptions used to estimate cost savings were not based on reliable information. Consequently, the economic analysis did not

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<sup>21</sup>GSA awards contracts to airlines to provide flight services between pairs of cities. This is commonly referred to as the GSA city pair program. Under this program (1) no advanced ticket purchases are required, (2) no minimum or maximum length of stay is required, (3) tickets are fully refundable and no charges are assessed for cancellations or changes, (4) seating is not capacity controlled (i.e., as long as there is a coach-class seat on the plane, the traveler may purchase it), (5) no blackout dates apply, (6) fare savings average 70 percent over regular walk-up fares, and (7) fares are priced on one-way routes permitting agencies to plan for multiple destinations. We selected the first 15 city pairs that were provided by DOD to GSA in support of a GSA study on accuracy of flight displays and fare information by DTS and the GSA eTravel providers.

<sup>22</sup>[GAO-05-998T](#) and [GAO-06-18](#).

<sup>23</sup>[GAO-06-980](#).

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serve to help ensure that the funds invested in DTS were used in an efficient and effective manner. Two primary areas—personnel savings of \$24.2 million and reduced commercial travel office fees of \$31 million—represented the majority of the over \$56 million of estimated annual net savings DTS was expected to realize. However, the estimates used to generate these savings were unreliable.

The personnel savings of \$24.2 million was attributable to the Air Force and Navy.<sup>24</sup> The assumption behind the personnel savings computation was that there would be less manual intervention in the processing of travel vouchers for payment, and therefore, fewer staff would be needed. However, based on our discussions with Air Force and Navy DTS program officials, it was questionable how the estimated savings would be achieved. Air Force and Navy DTS program officials stated that they did not anticipate a reduction in the number of personnel with the full implementation of DTS, but rather shifting staff to other functions. According to DOD officials responsible for reviewing economic analyses, while shifting personnel to other functions was considered a benefit, it should have been considered an intangible benefit rather than tangible dollar savings since the shifting of personnel did not result in a reduction of DOD expenditures. Also, as part of the Navy's overall evaluation of the economic analysis, program officials stated that "the Navy has not identified, and conceivably will not recommend, any personnel billets for reduction." Finally, the Naval Cost Analysis Division's October 2003 report on the economic analysis noted that it could not validate approximately 40 percent of the Navy's total costs, including personnel costs, in the DTS life-cycle cost estimates because credible supporting documentation was lacking. The report also noted that the PMO-DTS used unsound methodologies in preparing the DTS economic analysis.

We also reported in 2006 that according to DOD's September 2003 economic analysis, it expected to realize annual net savings of \$31 million through reduced fees paid to the commercial travel offices because the successful implementation of DTS would enable the majority of airline tickets to be acquired with either no or minimal intervention by the commercial travel offices. These are commonly referred to as "no touch" transactions. However, DOD did not have a

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<sup>24</sup> The economic analysis identified annual savings of \$11.3 million and \$12.9 million for the Air Force and Navy, respectively.

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sufficient basis to estimate the number of transactions that would be considered “no touch” since the (1) estimated percentage of transactions that can be processed using “no touch” was not supported and (2) analysis did not properly consider the effects of components that use management fees, rather than transaction fees, to compensate the commercial travel offices for services provided. The weaknesses we identified with the estimating process raised serious questions as to whether DOD would realize substantial portions of the estimated annual net savings of \$31 million. DOD arrived at the \$31 million of annual savings in commercial travel office fees by estimating that 70 percent of all DTS airline tickets would be considered “no touch” and then multiplying these tickets by the savings per ticket in commercial travel office fees. However, we found that the 70 percent assumption was not well supported. We requested, but the PMO-DTS could not provide, an analysis of travel data supporting its assertion. Rather, the sole support provided by the PMO-DTS was an article in a travel industry trade publication.<sup>25</sup> The article was not based on information related to DTS, but rather on the experience of one private-sector company.

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## Streamlining DOD Travel Processes

As noted in our January 2006 report,<sup>26</sup> opportunities existed at that time to better achieve the vision of a travel system that reduces the administrative burden and cost while supporting DOD’s mission. Some of the suggested proposals are highlighted below.

- **Automating approval of changes to authorized travel expenses.** The business process used at the time by DTS designated the traveler’s supervisor as the authorizing official responsible for authorizing travel and approving the travel voucher and making sure the charges are appropriate after the travel is complete. Furthermore, should the actual expenses claimed on the travel voucher differ from the authorized estimate of expenses, the authorizing official was required to approve these deviations as well. For example, if the estimated costs associated with the travel authorization are \$500 and the actual expenses are \$495, then the authorizing official was required to approve the \$5 difference. If the difference was caused by two different items, then each item

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<sup>25</sup>*American Express News Releases: American Express’ Interactive Travel Update*, (New York, N.Y.: Aug. 11, 2003), <http://corp.americanexpress.com/gcs/cards/us/ni/pr/081303.aspx>.

<sup>26</sup>[GAO-06-18](#).

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required approval. Similarly, if the actual expenses are \$505, then the authorizing official was required to specifically approve this \$5 increase. This policy appeared to perpetuate one of the problems noted in the 1995 DOD report—compliance with rigid rules rather than focusing on the performance of the mission. One practice that could be used to reduce the administrative burden on the traveler and the authorizing official was to automatically make the adjustments to the travel claim when the adjustments do not introduce any risk or the cost of the internal control outweighs the risk. For example, processing a travel claim that was less than the amount authorized does not pose any more risk than processing a travel claim that equals the authorized amount since the key was whether the claim is valid rather than whether the amount equals the funding initially authorized and obligated in the financial management system.

- **Using commercial databases to identify unused airline tickets.** We have previously reported that DOD had not recovered millions of dollars in unused airline tickets.<sup>27</sup> One action that DOD was taking to address the problem was requiring the commercial travel offices to prepare reports on unused airline tickets. While this action was a positive step forward, it required (1) the commercial travel offices to have an effective system of performing this function and (2) DOD to have an effective program for monitoring compliance. At the time, we suggested that a third party service, commonly referred to as the Airlines Reporting Corporation,<sup>28</sup> might provide DOD with the necessary information to collect unused airline tickets in an automated manner. If the information from the Airlines Reporting Corporation was utilized, DOD would not have to rely on the reports prepared by the commercial travel offices and would have been able to avoid the costs associated with preparing the unused airline ticket reports. According to DOD officials, at the time of our review, this requirement had not yet been implemented in all the existing commercial travel office contracts, and therefore, the total costs of preparing the unused airline ticket reports were unknown.

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<sup>27</sup>GAO, *DOD Travel Cards: Control Weaknesses Led to Millions of Dollars Wasted on Unused Airline Tickets*, [GAO-04-398](#) (Washington, D.C.: Mar. 31, 2004).

<sup>28</sup>According to the Airlines Reporting Corporation, it was established by the travel industry to provide prompt, efficient, secure distribution and settlement of travel purchased in the United States.

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- **Utilizing restricted airfares where cost effective.** DOD’s business rules and the design of DTS provided that only unrestricted airfares should be displayed. However, adopting a “one size fits all” policy did not provide an incentive to the traveler to make the best decision for the government, which was one of the stated changes documented in the 1995 DOD report. Other airfares, generally referred to as restricted airfares, may be less expensive than a given GSA city pair fare and other unrestricted airfares. However, as the name implies, these fares come with restrictions. For example, within the GSA city pair fare program, changes can be made in the flight numerous times without any additional cost to the government. Generally, with restricted airfares there was a fee for changing flights.<sup>29</sup> The *Federal Travel Regulation* and DOD’s Joint Travel Regulations allow travelers to take restricted airfares, including on those airlines not under the GSA city pair contract, if the restricted airfare costs less to the government. Adopting a standard policy of using one type of airfare—unrestricted or restricted—is not the most appropriate approach for DOD to follow. A better approach would have been to establish guidance on when unrestricted and restricted airfares should be used and then monitor how that policy was implemented. Although development of the guidance is an important first step, we previously stated that management also needs to determine (1) whether the policy was being followed and (2) what changes are needed to make it more effective.

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## Concluding Remarks

In our two reports we made 14 recommendations to help improve the department’s management and oversight of DTS and streamline DOD’s administrative travel processes. In commenting on our reports, the department generally agreed with the recommendations and described its efforts to address them. The implementation of our recommendations will be an important factor in DTS’s achieving its intended goals. We will be following up to determine whether and if so, to what extent, DOD has taken action to address our recommendations in accordance with our standard audit follow-up policies and procedures. We would be pleased to brief the Subcommittee on the status of the department’s actions once we have completed our follow-up efforts.

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<sup>29</sup>Other types of restrictions include purchasing the ticket in advance or staying over a specified number of days.

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Mr. Chairman, this concludes my prepared statement. We would be happy to answer any questions that you or other members of the Subcommittee may have at this time.

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## Contacts and Acknowledgments

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Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. In addition to the above contacts, the following individuals made key contributions to this testimony: Darby Smith, Assistant Director; Evelyn Logue, Assistant Director; J. Christopher Martin, Senior-Level Technologist; F. Abe Dymond, Assistant General Counsel; Beatrice Alff; Francine DelVecchio; and Tory Wudtke.



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