DOD TRAVEL CARDS

Control Weaknesses Led to Millions of Dollars in Fraud, Waste, and Improper Payments

What GAO Found

A weak control environment and breakdowns of key controls over the centrally billed accounts led to millions of dollars wasted on unused airline tickets, reimbursements to travelers for improper and potentially fraudulent airline ticket claims, and issuance of airline tickets based on invalid travel orders.

Problem identified | Illustrative example(s)
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Unused airline tickets | • 58,000 airline tickets—primarily fiscal years 2001 and 2002 tickets—with a residual value of more than $21.1 million were unused and not refunded as of October 2003
• Many more tickets are partially unused with unknown residual value
• $100 million in potential unused tickets from fiscal years 1997 to 2003

Reimbursements to travelers for improper and potentially fraudulent airline ticket claims | Some travelers submitted multiple claims for tickets they did not purchase, which could be indicative of intent to defraud the government:
• About 27,000 potential improper reimbursements totaling more than $8 million identified at the Army, Marine Corps, and Navy during fiscal year 2001 and 2002
• 123 of 204 transactions selected for testing were improper and potentially fraudulent
• Air Force Audit Agency estimated that losses for the Air Force due to improper payments to be $6.5 million over 6 years

Centrally billed accounts not adequately secured against improper and fraudulent use | Some travelers submitted multiple claims for tickets they did not purchase, which could be indicative of intent to defraud the government:
• Using a basic scheme to defraud, GAO obtained a round-trip airline ticket from Washington, D.C. to Atlanta, Ga. that was paid for by DOD
• A DOD traveler used a centrally billed account number to purchase over 70 airline tickets costing over $60,000, which he resold at a discount

Source: GAO analysis of DOD data.

In some instances where the centrally billed accounts were compromised, DOD did not pay for the airline tickets because DOD disputed those charges. However, not all DOD units disputed unauthorized charges. As a result, DOD is vulnerable to paying for fraudulent charges. A major contributing factor to these problems is that DOD’s travel order, ticket issuance, and travel voucher systems are not integrated, and DOD had not designed compensating procedures to reconcile data in these systems. Thus, DOD was unable to detect instances where (1) the absence of a travel voucher might indicate that an airline ticket was unused, (2) travelers improperly claimed reimbursement for tickets they did not purchase, and (3) an authorized individual did not approve the travel order submitted to obtain an airline ticket. Other causes are excessive reliance on DOD travelers to report unused tickets, inadequate voucher review, and weak centrally billed account safeguards.