



TRAVEL CARDS

Internal Control Weaknesses at DOD Led to Improper Use of First and Business Class Travel

Highlights of [GAO-04-229T](#), a testimony before the Permanent Subcommittee on Investigations, Committee on Governmental Affairs, United States Senate

Why GAO Did This Study

Long-standing financial management problems, coupled with ineffective oversight and management of the Department of Defense's (DOD) travel card program, which GAO has previously reported on, have led to concerns about DOD's use of first and business class airfares. At the request of this Subcommittee, Senator Grassley, and Representative Schakowsky, GAO performed work to identify problems in DOD's controls over premium class travel. This testimony focuses on (1) the extent of DOD premium class travel, (2) the effectiveness of key internal control activities and examples of improper premium class travel resulting from internal control breakdowns, and (3) DOD's control environment over premium class travel.

In a companion report being issued today, GAO made numerous recommendations—that DOD concurred with—to strengthen key internal control activities and improve the overall control environment.

What GAO Found

Breakdowns in internal controls and a weak control environment resulted in a significant level of improper premium class travel and millions of dollars of unnecessary costs being incurred annually. Based on extensive analysis of records obtained from DOD's credit card issuer—Bank of America, GAO found that for fiscal years 2001 and 2002, DOD spent almost \$124 million on about 68,000 premium class tickets that included at least one leg of premium class service, primarily business class. To put the \$124 million into perspective it exceeded the total travel expenses—including airfare, lodging, and meals—spent by each of 12 major CFO agencies. The price difference between a premium class ticket and a coach class ticket ranged from a few dollars to thousands of dollars.

Based on statistical sample testing, GAO estimated that 72 percent of DOD's fiscal year 2001 and 2002 premium class travel was not properly authorized, and that 73 percent was not properly justified. GAO estimated that senior civilian and military employees accounted for almost 50 percent of premium class travel. Further, our data mining showed that 27 of the 28 most frequent premium class travelers were senior DOD officials. The table below provides examples of unauthorized and/or unjustified premium class travel compared to what the travel would have cost using coach class tickets.

Examples of Improper Premium Class Travel

Rank/grade of traveler	Cost of premium class trips	Estimated cost of coach class trips	Reason travel was improper
GS-15	\$35,000	\$7,000	Traveler approved own first class travel based on medical condition that was later determined to not meet stringent first class criteria.
Presidential appointee	68,000	17,000	First and business class travel was authorized by a subordinate using a blanket order.
GS-14 and family	21,000	2,500	The travel order authorizing relocation costs for the traveler and his family did not authorize premium class travel.
GS-15	3,300	250	First class ticket not authorized by the Secretary of Defense or designee as required.
GS-15	4,500	600	18 months after the trip, traveler's supervisor (not a medical authority) provided a note regarding a medical need as the justification for business class.

Source: GAO.

Lack of oversight and a weak overall control environment characterized DOD's management of premium class travel. DOD and the military services (1) did not have accurate and complete data on the extent of premium class travel, (2) issued inadequate policies on premium class travel that were inconsistent with government travel regulations and with each other, (3) did not issue guidance on how to document the authorization and justification of premium class travel, and (4) performed little or no monitoring of this travel. During the course of our audit, DOD began updating its travel regulations to more clearly articulate and to make more stringent the circumstances under which premium class travel can be authorized.

www.gao.gov/cgi-bin/getrpt?GAO-04-229T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gregory Kutz at (202) 512-9095 or kutzg@gao.gov.