



Highlights of GAO-04-88, a report to congressional requesters

# TRAVEL CARDS

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

### Why GAO Did This Study

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. GAO was asked to (1) identify the magnitude of premium class travel, (2) determine if DOD's key internal control activities operated effectively and provide examples of control breakdowns, and (3) assess DOD's monitoring and key elements of the control environment.

### What GAO Recommends

To reduce improper premium class travel and related DOD costs, GAO makes several recommendations for improving controls over authorization and justification, policies and procedures, and monitoring and oversight of first and business class travel.

DOD officials concurred with all of GAO's recommendations and said that some actions have already been initiated.

### What GAO Found

Breakdowns in internal controls and a weak control environment resulted in improper first and business class travel and increased costs to taxpayers. Based on extensive analysis of records obtained from Bank of America, GAO found that DOD spent almost \$124 million on about 68,000 premium class related tickets—primarily business class—during fiscal years 2001 and 2002. Each premium class ticket costs the government up to thousands of dollars more than a comparable coach class ticket. GAO's work also indicated that civilian supervisors, managers, and executives and senior military officers accounted for almost 50 percent of the premium class transactions, and for 27 of the 28 most frequent premium class travelers. GAO considers travel by high-ranking officials to be a sensitive payment area because of its susceptibility to abuse.

Breakdowns in key internal controls resulted in a significant level of improper premium class travel. GAO estimated that 72 percent of DOD's fiscal year 2001 and 2002 premium class travel was not properly authorized, and 73 percent was not properly justified.

#### 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	200	First class ticket not authorized by the Secretary of Defense or designee as required.
GS-15	4,500	600	Eighteen months after the trip, the traveler's supervisor (not a medical authority) provided a note regarding a medical need as the justification for business class.

Source: GAO analysis of premium class travel transactions and supporting documentation.

Further, DOD did not have accurate and complete data on the extent of premium class travel and performed little or no monitoring of this travel. In regard to the control environment, GAO found that DOD (1) issued policies that were inconsistent with General Service Administration governmentwide travel regulations, (2) did not require military services to issue and update premium class policies to implement DOD's travel regulations consistently, and (3) did not issue guidance on how to document the authorization and justification of premium class travel. As a result of GAO's audit, DOD has begun updating its travel regulations to more clearly state when premium class travel can be authorized and to emphasize that it must only be used when exceptional circumstances warrant the additional cost.

[www.gao.gov/cgi-bin/getrpt?GAO-04-88](http://www.gao.gov/cgi-bin/getrpt?GAO-04-88).

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