



August 2019

# DEFENSE TRAVEL

## DOD Should Strengthen Its Ongoing Actions to Reduce Improper Travel Payments

# GAO Highlights

Highlights of [GAO-19-530](#), a report to congressional addressee

## Why GAO Did This Study

Improper payments—including payments that should not have been made or were made in an incorrect amount—are a long-standing, significant challenge in the federal government. Both GAO and the DOD Inspector General have reported on problems related to improper payments in DOD's travel pay program.

This report examines (1) the amount DOD spent on DTS travel payments for fiscal years 2016 through 2018 and how much of those payments DOD estimated to be improper and the extent to which DOD has (2) implemented its Remediation Plan and (3) identified travel payment errors, the root causes of those errors, and the cost-effectiveness of addressing root causes. GAO analyzed fiscal years 2016 through 2018 data on DTS payments, reviewed DOD's Plan and documentation, interviewed officials about implementation efforts, and surveyed 52 DOD components about steps taken to address improper travel payments.

## What GAO Recommends

GAO made 5 recommendations, including that DOD consider data on improper payment rates in its remediation approach; define the term "root cause", and consider cost effectiveness in deciding how to address improper payments. DOD generally concurred with 4 recommendations, but did not concur with revising its approach for selecting components to implement its Remediation Plan, stating that it has already taken actions that address this issue. GAO believes the recommendation remains valid.

View [GAO-19-530](#). For more information, contact Elizabeth Field at (202) 512-2775 or [field1@gao.gov](mailto:field1@gao.gov).

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### DOD Should Strengthen Its Ongoing Actions to Reduce Improper Travel Payments

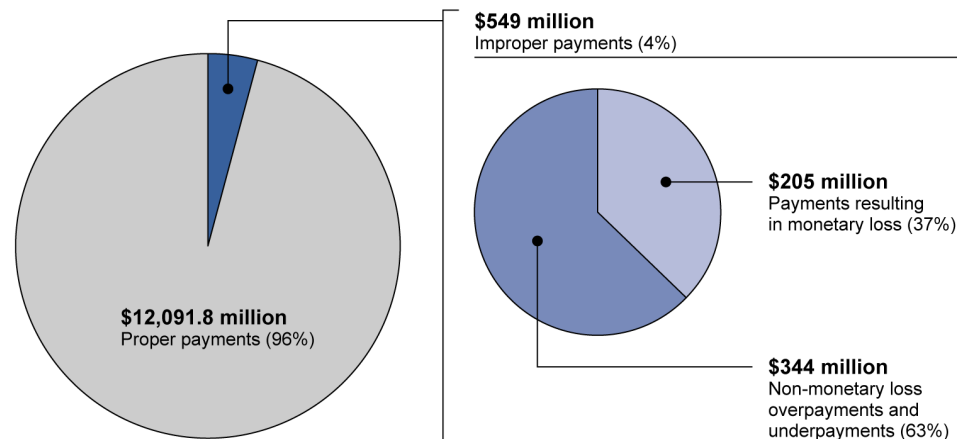
## What GAO Found

The Department of Defense's (DOD) Defense Travel System (DTS)—the primary system DOD uses to process travel payments—accounts for most of DOD's travel payments. DOD spent \$18.3 billion on DTS travel payments from fiscal years 2016 through 2018, while incurring a reported \$965.5 million in improper travel payments. In that period, DOD averaged \$6.1 billion in DTS travel payments and \$322 million in improper travel payments annually. Not all improper travel payments—such as legitimate payments that initially lacked supporting documentation—represented a monetary loss to the government. Officials said DOD first estimated a monetary loss from improper travel payments in fiscal year 2017. For fiscal years 2017 and 2018 it estimated a total monetary loss of \$205 million out of \$549 million in improper DTS payments (see fig.).

#### Defense Travel System Total and Improper Travel Payments (Fiscal Years 2017 and 2018)

**\$12,640.8 million**

Total Defense Travel System Payments



Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-530

In October 2016, DOD established a Remediation Plan to reduce improper travel payments and a committee to monitor implementation of the plan at 10 DOD components. DOD selected these 10 components because they accounted for a significant percentage of total travel payments. However, DOD did not take into account the components' own estimates of their improper payment rates. As of March 2019, only 4 of the 9 components that responded to GAO's survey had completed all of the plan's requirements, in part because of a lack of milestones in the plan and ineffective monitoring for required actions. As a result, DOD does not have reasonable assurance that its actions have been sufficient.

DOD has mechanisms to identify errors leading to improper travel payments, and some components have developed specific corrective plans to address the errors. However, GAO found that these efforts did not clearly identify the root causes of the errors, in part because there is no common understanding of what constitutes the root cause of improper travel payments. DOD components also have not incorporated considerations of cost-effectiveness into decisions about whether to take actions that could reduce improper payments. Without addressing these issues, DOD will likely miss opportunities to implement the changes necessary to address the root causes of improper travel payments.

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## Abbreviations

CO	Certifying Officers
DAO	Departmental Accountable Officials
DCFO	Defense Chief Financial Officer
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
DODIG	Department of Defense Office of Inspector General
DTMO	Defense Travel Management Office
DTS	Defense Travel System
FMR	Financial Management Regulation
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
OMB	Office of Management and Budget
OUSD (Comptroller)	Office of the Under Secretary of Defense (Comptroller)
SAO	Senior Accountable Official

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August 15, 2019

The Honorable Gary Palmer  
House of Representatives

Dear Mr. Palmer:

Improper payments—payments that should not have been made or were made in an incorrect amount—are a long-standing, significant problem in the federal government, estimated at about \$151 billion for fiscal year 2018.<sup>1</sup> Both we and the Department of Defense Inspector General (DODIG) have reported on problems related to improper payments in the Department of Defense (DOD) travel pay program. DOD travel payments are made to active and reserve or guard servicemembers and civilian employees and cover travel for both temporary duty and permanent change of station. DOD's Defense Travel System (DTS) is the primary system used to process travel payments and accounts for most of the department's travel payments.<sup>2</sup> For fiscal year 2018, the department reported \$365.32 million in improper payments related to its travel pay program.

In March 2019, we reported on our priority open recommendations directed to DOD, including six open recommendations related to improper payments.<sup>3</sup> For example, in 2013, we reported that DOD's process for estimating and reporting improper travel payments needed to be

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<sup>1</sup>Under the Improper Payments Information Act of 2002 (IPIA), as amended, an improper payment is defined as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. It includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service that was not received (except where such payments were authorized by law), and any payment that does not account for credit for applicable discounts. See, 31 U.S.C. § 3321 note. Office of Management and Budget (OMB) guidance also provides that when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an improper payment.

<sup>2</sup>Department of Defense (DOD) officials stated that Defense Travel System (DTS) payments accounted for most of the travel payments for fiscal years 2016 through 2018. For example, in fiscal year 2018, DTS payments accounted for approximately 83 percent of total DOD travel payments.

<sup>3</sup>GAO, *Priority Open Recommendations: Department of Defense*, [GAO-19-366SP](#) (Washington, D.C.: Mar. 28, 2019).

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improved to meet statutory requirements and Office of Management and Budget (OMB) guidance.<sup>4</sup> The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires the DODIG to report annually on DOD's compliance with statutory requirements for estimating and reporting improper payments; since 2012, the DODIG has consistently reported that the department has not met those requirements. For example, the DODIG found that DOD had not published statistically valid estimates of improper payments for DOD travel in fiscal years 2015 through 2018.<sup>5</sup> In addition, the DODIG has reported on the actions that DOD has taken to identify the underlying reasons for improper travel payments. In 2016, the DODIG reported that DOD's actions to reduce estimated improper travel payments were inadequate, because the corrective actions that DOD components had developed did not include identifying the underlying reasons that authorizing officials had approved deficient vouchers for payment.<sup>6</sup> Due, in part, to the DODIG's findings, in October 2016, DOD developed a *DOD Travel Pay Improper Payments Remediation Plan* (Remediation Plan) to reinforce internal controls and accountability in the DOD travel pay program and help to reduce improper payments.<sup>7</sup>

We conducted this work under the authority of the Comptroller General to assist Congress with its oversight responsibilities. In this report, we examine (1) the amount DOD spent on DTS travel payments for fiscal

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<sup>4</sup>The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires agencies to estimate and report improper payment rates for specific programs each fiscal year. OMB Circular A-123 provides guidance for agencies to implement the requirements of IPIA, as amended.

<sup>5</sup>Department of Defense, Office of Inspector General Report No. DODIG-2013-054, *DOD Efforts to Meet the Requirements of the Improper Payments Elimination and Recovery Act in FY 2012* (March 13, 2013); DODIG-2016-086, *DOD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2015, but Improper Payment Estimates Were Unreliable* (May 3 2016); Report No. DODIG-2017-078, *The DOD Did Not Comply With the Improper Payment Elimination and Recovery Act in FY 2016* (May 8, 2017); Report No. DODIG-2018-115, *DOD FY 2017 Compliance With the Improper Payments Elimination and Recovery Act Requirements* (May 9, 2018); and Report No. DODIG-2019-087, *Audit of the DOD's FY 2018 Compliance With the Improper Payments Elimination and Recovery Act Requirements* (May 15, 2019).

<sup>6</sup>Department of Defense, Office of Inspector General Report No. DODIG-2016-060, *DOD Actions Were Not Adequate to Reduce Improper Travel Payments* (March 10, 2016).

<sup>7</sup>Department of Defense, Under Secretary of Defense (Comptroller) Memorandum, *Preventing Travel Pay Improper Payments and Enforcing Recovery* (Oct. 7, 2016).

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years 2016 through 2018 and how much of those payments DOD estimated to be improper; (2) the extent to which DOD has implemented its Remediation Plan; and (3) the extent to which DOD has established mechanisms to identify errors leading to improper travel payments, the root causes of those errors, and the cost-effectiveness of addressing root causes.

To address our first objective, we collected data on DTS travel payments for fiscal years 2016 through 2018, by DOD component and trip purpose, from the Defense Travel Management Office (DTMO). We used this time period because DOD issued its plan to remediate improper payments in 2016. We calculated the total payments for that time period, as well as the average annual payments and subtotals for various categories, such as the trip purposes that represented the top three highest percentages of payments. We also collected data from the Defense Finance and Accounting Service (DFAS) on travel payments made in DTS that were identified as improper. The data included the dollar amount of those improper payments that were estimated to result in a monetary loss to the government, which represent amounts that should not have been paid by the government and could be recovered.

To assess the reliability of the data we obtained, we reviewed corroborating documentation, analyzed the data for inconsistencies, and interviewed service officials about the reliability of the data. We determined that the data were sufficiently reliable for our reporting purposes, which were to determine the amount of DOD's DTS travel payments and provide insight into the estimated improper travel payment amounts the department reported for fiscal years 2016 through 2018. However, we also determined that, based on persistent problems with DOD's improper payment estimates that we and the DODIG have reported since 2013, these data were not sufficiently reliable for other purposes, such as determining the specific progress DOD has made in reducing its improper travel payment rates during this time period.<sup>8</sup>

To address our second objective, we reviewed documents and met with officials to discuss DOD's implementation of its Remediation Plan. We also conducted a web-based survey in February and March 2019 of travel

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<sup>8</sup>GAO, *DOD Financial Management: Significant Improvements Needed in Efforts to Address Improper Payment Requirements*, [GAO-13-227](#) (Washington, D.C.: May 13, 2013); DODIG-2013-054; DODIG-2016-086, DODIG-2017-078, DODIG-2018-115, and DODIG-2019-087.



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administrators in 52 DOD components to obtain information on their familiarity with and implementation of the plan. These 52 components represent the universe of DOD components that manage payments processed in DTS for official travel by DOD personnel, according to DOD records, our prior work, and reports by the DODIG.<sup>9</sup> We received 37 completed surveys, for an overall response rate of 71 percent. The survey results represent the views only of those components that responded and may not be generalizable to all components.

To address our third objective, we reviewed DOD's Remediation Plan, documents related to DOD's implementation of the Remediation Plan, and the June 2018 *DOD Improper Payments Senior Accountable Officials Steering Committee Charter*. We met with DOD and component officials to discuss efforts to identify and address root causes of improper travel payments and conducted a web-based survey of travel administrators in 52 DOD components (as mentioned above) to obtain information on their efforts to identify and address the root causes of improper travel payments. We compared the information we obtained with OMB guidance on how agencies are to identify and address the root causes of improper payments,<sup>10</sup> as well as the definition of root cause contained in the template DOD uses for corrective action plans intended to address improper travel payments.<sup>11</sup> More details on our objectives, scope, and methodology can be found in appendix II.

We conducted this performance audit from April 2018 to August 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

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<sup>9</sup>GAO, *Defense Management: DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities*, [GAO-18-592](#) (Washington, D.C.: September 6, 2018); and DODIG-2016-060. Based on our analysis, we determined that there are 52 such components, not including offices or sub-units within components. Please see appendix I for a list of the 52 components and appendix II for more information on the methodology we used to make this determination.

<sup>10</sup>OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

<sup>11</sup>Office of the Under Secretary of Defense (Comptroller), *Improper Payments: General Guidance and Best Practices for CAP Development* (April 2018).

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the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

### Travel Pay Roles and Responsibilities

DOD's travel pay program is comprised of payments made by the department to active, reserve, and National Guard service members and civilian employees for temporary and permanent travel expenses. DOD travel is generally documented using authorizations and vouchers. Travel authorizations direct an individual or group of individuals to travel and provide information regarding what travel expenses are authorized to be paid. Travelers submit travel vouchers after the travel is completed to claim reimbursement for the official travel expenses they have incurred.<sup>12</sup> There are a number of DOD entities involved in creating, reviewing and approving, paying, and reporting on DOD travel payments:

- **Travelers** are the service-members and civilian employees engaging in travel who create, amend, and digitally sign travel authorizations and vouchers and are legally liable for submitting false or fraudulent claims for payment.
- **Authorizing officials** are responsible for authorizing travel and controlling the use of travel funds. The DTS Regulations state that authorizing officials must review, verify, and approve authorizations prior to travel.
- **Certifying officers** certify vouchers for payment. According to the DOD guidance on DTS, known as the DTS Regulations, certifying officers must implement, maintain, and enforce internal procedures and controls to minimize erroneous payments; they are presumed negligent and may be pecuniarily liable for all improper payments that they certify.<sup>13</sup> Authorizing officials who are also certifying officers review and certify travel vouchers and verify all required supporting documentation before the vouchers are paid.<sup>14</sup>

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<sup>12</sup>Department of Defense Financial Management Regulation 7000.14-R (May 2019); and Defense Travel Management Office, *Defense Travel System Regulations* (October 2017).

<sup>13</sup>*Defense Travel System Regulations* (October 2017).

<sup>14</sup>*Defense Travel System Regulations* (October 2017).

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- **The Defense Travel Management Office (DTMO)** oversees and facilitates DTS, including any necessary changes or enhancements to the system. It establishes and maintains the DTS Regulations, which define the responsibilities of users by role and the minimum required training for each user role, among other things. DTMO also maintains DTS travel payment data that are used for estimating and reporting on improper payments.
  - **The Defense Finance and Accounting Service (DFAS)**, as part of DOD's efforts to reduce improper travel payments, is responsible for reviewing a sample of paid DTS travel vouchers to estimate and report improper travel payments. DFAS also provides data on improper travel payments to DOD components on a quarterly basis.
  - **The Office of the Under Secretary of Defense (Comptroller)** compiles DOD-wide data on improper payments annually as part of DOD's Agency Financial Report. It also oversees and facilitates DOD efforts to reduce improper travel payments.

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## Improper Payments Information Act (IPIA)

The Improper Payments Information Act of 2002, which was later amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements.<sup>15</sup>

In accordance with OMB guidance, DOD has identified travel pay as susceptible to improper payments based on the large volume of transactions and high dollar amount of the program.<sup>16</sup> As a program considered susceptible to significant improper payments, DOD travel pay is subject to certain IPIA requirements. Specifically, IPIA, as amended,

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<sup>15</sup>Improper Payments Information Act of 2002, Pub. L. No. 107-300 (Nov. 26, 2002), *codified as amended at* 31 U.S.C. § 3321 note.

<sup>16</sup>OMB requires agencies to establish a systematic method of identifying programs susceptible to significant improper payments. OMB guidance defines significant improper payments as gross annual improper payments in the program exceeding (1) both 1.5 percent of program outlays and \$10 million of all program payments made during the fiscal year reported or (2) \$100 million, regardless of the improper payment percentage of total program outlays. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement* (June 2018).

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requires federal executive branch agencies to (1) develop a statistically valid estimate of the annual amount of improper payments for programs identified as susceptible to significant improper payments, (2) implement corrective actions to reduce improper payments and set reduction targets, and (3) report on the results of addressing these requirements.

IPERA also requires executive agencies' Offices of Inspector General to annually determine and report on whether their agencies complied with certain IPERA-related criteria. These criteria include the requirements to publish a report for the most recent fiscal year that meets OMB reporting requirements, publish statistically valid improper payment estimates, publish and meet reduction targets for improper payment rates, and publish corrective action plans. If an agency does not meet one or more of the six IPERA criteria for any of its programs or activities, the agency is considered noncompliant with IPERA. The DODIG reported that in fiscal year 2018, DOD travel pay was not in compliance with IPER, as amended, for the seventh consecutive year.<sup>17</sup> Specifically, DOD met three of the six IPERA-related criteria for its travel pay program, by publishing all required information in the Payment Integrity section of its Agency Financial Report; conducting program-specific risk assessments; and reporting an improper payment rate of less than 10 percent for each of the eight programs that included an improper payment estimate in the fiscal year 2018 Agency Financial Report. However, the DODIG reported that DOD did not publish reliable improper payment estimates, include all required elements for the descriptions of corrective action plans, or meet its targets for reducing improper payments.

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## OMB Guidance

To meet IPER requirements, agencies follow guidance issued by OMB for estimating improper payments. OMB Circular No. A-123, Appendix C instructs agencies to obtain the input of a statistician to prepare a statistical sampling and estimation method that produces statistically valid estimates of improper payments.<sup>18</sup> Agencies are required to meet a number of requirements on the content of the sampling plans, including providing clear and concise descriptions of the methods used that also address the assumptions used, sample sizes, and precision, among other

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<sup>17</sup>DODIG-2019-087.

<sup>18</sup>OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

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aspects. The guidance also says that agencies should incorporate refinements to their methods based on recommendations from agency staff or auditors, such as their agency Inspector General or GAO, whenever possible.

OMB guidance also includes requirements for annual reporting on improper payment estimates. According to the guidance, when calculating a program's annual improper payment amount, agencies should use only the amount paid improperly. For example, if a \$100 payment was due, but a \$110 payment was made erroneously, then the amount applied to the annual estimated improper payment amount should be \$10. In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an improper payment.

OMB also requires agencies to identify and report on the root causes of the improper payments and implement corrective actions to prevent and reduce these causes for programs that have been identified as susceptible to significant improper payments, including DOD's travel pay program. OMB emphasizes that, in identifying root cause, it is important to distinguish between what constitutes a root cause that created an error and an internal control problem that failed to catch an error. The guidance instructs agencies to implement corrective actions that are responsive to root causes, are proportional to the severity of the associated amount and rate of the root cause, and are measurable. It also instructs agencies to annually review their existing corrective actions to determine whether any action can be intensified or expanded to achieve its intended result.

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## Methodology DOD Uses to Calculate Improper Payment Amounts and Rates

To comply with IPPIA and OMB requirements, and in response to our prior recommendations, DFAS updated its statistical sampling plan in fiscal year 2017 to develop and report improper payment estimates for DTS. The plan is designed to estimate the dollar amount of improper payments, which includes both travel payments that were made in excess of the correct amount (overpayments) and those that were made for less than the correct amount (underpayments). When DOD is unable to discern whether a travel payment is proper because there is insufficient or no documentation to support it, that payment is also included in the improper payment estimate.

On a monthly basis, DFAS statistically samples paid travel vouchers, stratified first by component and then by dollar amount. DFAS officials then conduct a review of the sampled post-payment vouchers to identify

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erroneous travel vouchers and the types of errors that were made. Based on the errors found during the review, DFAS calculates an estimate of the improper payments for each component. The military services process a small portion of their travel payments through other disbursing systems and are responsible for conducting their own post-payment reviews to estimate the improper payments for those systems. The DOD improper payment rate is the estimated total of improper payments from all post-payment reviews divided by the total number of payments. For example, in fiscal year 2018, DOD reported an improper payment rate of 4.59 percent, or \$365.32 million of the \$7.96 billion total travel payments.

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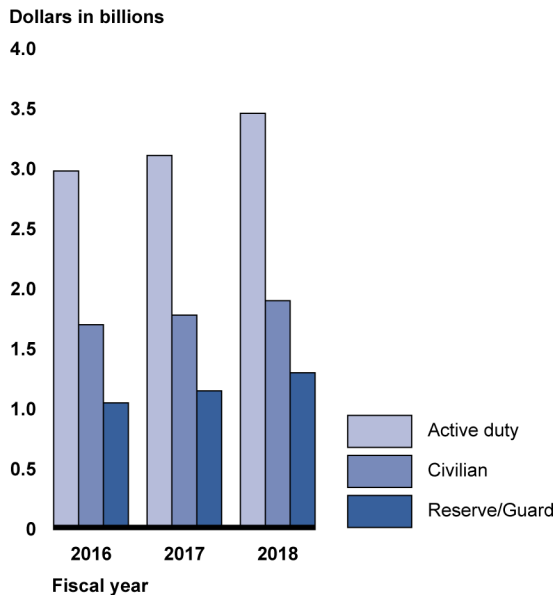
## DOD Spent \$18.3 Billion on DTS Travel Payments for Fiscal Years 2016 through 2018, Including an Estimated \$965.5 million in Improper Travel Payments for Those Years

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### DOD Data Show an Average of \$6.1 Billion a Year in DTS Travel Payments for Fiscal Years 2016 through 2018, and Travel Spending Increased during that Period

Using DTS data, we calculated that DOD had spent an average of \$6.1 billion annually on DTS travel payments in fiscal years 2016 through 2018—a total of about \$18.3 billion in travel payments for those years. Travel for active duty servicemembers accounted for the largest portion of those travel payments. We calculated that DOD components reported over \$9.5 billion in DTS travel payments for active duty servicemembers in fiscal years 2016 through 2018, accounting for approximately 52 percent of the total travel payments. For the same time period, DTS travel payments for DOD civilian employees totaled about \$5.3 billion (29 percent of the total), and travel payments for Reserve and Guard members totaled about \$3.5 billion (19 percent of the total) (see fig. 1).

**Figure 1: Defense Travel System Payments by Personnel Type (Fiscal Years 2016 through 2018)**



Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-530

Note: The total travel payments were calculated using data reported in the Defense Travel System (DTS) and do not include payments that were processed in other travel systems used by DOD, such as the Air Force Reserve Travel System and the Windows Integrated Automated Travel System. DOD officials stated that DTS payments accounted for most of the travel payments for fiscal years 2016 through 2018. For example, in fiscal year 2018, DTS payments accounted for approximately 83 percent of total DOD travel payments.

DOD data on DTS travel payments show that out of 10 different categories used to identify the purpose of travel, the category representing “training” accounted for the largest percentage of the travel payments. Payments for “training attendance” accounted for about \$6.6 billion (36 percent) of the \$18.3 billion in total travel payments for fiscal years 2016 through 2018 (see table 1). Payments for the trip purpose “other travel” accounted for about \$3.1 billion (17 percent) of the total travel payments for that time period. “Other travel” is any travel for reasons not covered by the other trip purpose categories; the purpose must be further specified in the travel authorization. Based on our analysis, most travel categorized as “other travel” was further specified with the trip type “routine TDY,” which refers to a travel assignment to a location other than the employee’s permanent duty station. The two other trip purposes that accounted for the highest percentage of travel payments, based on our analysis of the DTS data, are “special mission”

and “site visit,” which each accounted for about \$2.9 billion (16 percent) of the total travel payments for fiscal years 2016 through 2018.

**Table 1: DOD Defense Travel System Payment Amounts by Trip Purpose Fiscal Years 2016 – 2018 (dollars in millions)**

Trip Purpose	Fiscal year 2016		Fiscal year 2017		Fiscal year 2018		Fiscal years 2016-2018	
	Payment amount	Percent of total	Payment amount	Percent of total	Payment amount	Percent of total	Payment amount	Percent of total
Training Attendance <sup>a</sup>	2,038	35.8	2,171	6.1	2,385	36.0	<b>6,595</b>	<b>36</b>
Other Travel <sup>b</sup>	968	17.0	1,010	16.8	1,162	17.5	<b>3,140</b>	<b>17.1</b>
Special Mission <sup>c</sup>	905	15.9	956	15.9	1,073	16.2	<b>2,933</b>	<b>16</b>
Site Visit <sup>d</sup>	932	16.4	960	16.0	1,027	15.5	<b>2,920</b>	<b>15.9</b>
Information Meeting <sup>e</sup>	439	7.7	477	7.9	544	8.2	<b>1,460</b>	<b>8</b>
Conference Attendance <sup>f</sup>	323	5.7	336	5.6	333	5.0	<b>992</b>	<b>5.4</b>
Speech or Presentation <sup>g</sup>	57	1.0	63	1.0	64	1.0	<b>185</b>	<b>1</b>
Emergency Travel <sup>h</sup>	22	0.4	25	0.4	30	0.5	<b>78</b>	<b>0.4</b>
Between Tours Travel <sup>i</sup>	7	0.1	7	0.1	6	0.1	<b>20</b>	<b>0.1</b>
Relocation <sup>j</sup>	4	0.1	4	0.1	6	0.1	<b>14</b>	<b>0.1</b>

Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-530

Note: The percentages of total travel payment amounts were calculated using data reported in the Defense Travel System (DTS) and do not include payments that were processed in other travel systems used by DOD, such as the Air Force Reserve Travel System and the Windows Integrated Automated Travel System. DOD officials stated that DTS payments accounted for most of the travel payments for fiscal years 2016 through 2018. For example, in fiscal year 2018, DTS payments accounted for approximately 83 percent of total DOD travel payments. Percentages may not total because of rounding.

<sup>a</sup>Training Attendance—travel to receive training.

<sup>b</sup>Other Travel—any travel for reasons not covered by the other trip purpose categories; must be further specified in the travel authorization.

<sup>c</sup>Special Mission—travel for non-combat military missions and travel to provide security for a person or shipment, among other missions.

<sup>d</sup>Site Visit—travel to perform operational, managerial activities such as overseeing program activities and grant operations, carrying out an audit or inspection, or providing technical assistance.

<sup>e</sup>Information Meeting—travel to attend meetings to gather career information and seek advice on career development, among others.

<sup>f</sup>Conference Attendance—travel to attend a meeting, retreat, seminar, symposium, or event outside the local duty station, or registration fees for an event within the area of the local duty station.

<sup>g</sup>Speech or Presentation—travel to make a speech or presentation, deliver a paper, or take part in a formal program that is not a training course.

<sup>h</sup>Emergency Travel—return a traveler from a temporary duty assignment to the designated duty location to attend to an emergency situation that the traveler would ordinarily have been present for if the government had not given the traveler the temporary duty assignment.

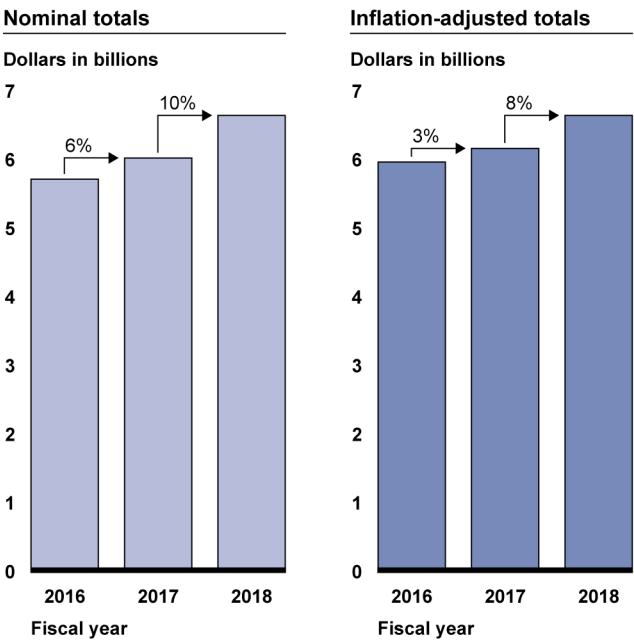
<sup>i</sup>Between Tours Travel—travel conducted by eligible civilian employees, uniformed service members, or dependents while at a duty station outside the continental United States, usually in conjunction with travel for a permanent change of station or renewal of a tour of duty.

<sup>j</sup>Relocation—transfer from one permanent duty station to another.



Using DTS data, we also calculated that DOD’s reported total travel payments increased from fiscal years 2016 through 2018, for a total increase of approximately \$1 billion (16 percent) in nominal dollars and \$0.68 billion (11 percent) in constant dollars during fiscal years 2016 through 2018 (see fig. 2).

**Figure 2: Defense Travel System Travel Payments (Fiscal Years 2016 through 2018)**



Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-530

Note: The total travel payments were calculated using data reported in the Defense Travel System (DTS) and do not include payments that were processed in other travel systems used by DOD, such as the Air Force Reserve Travel System and the Windows Integrated Automated Travel System. DOD officials stated that DTS payments accounted for most of the travel payments for fiscal years 2016 through 2018. For example, in fiscal year 2018, DTS payments accounted for approximately 83 percent of total DOD travel payments

The DOD officials we interviewed were unable to explain why travel payments increased during fiscal years 2016 through 2018 but speculated that overall increases in DOD’s budget likely corresponded with additional travel expenses. Officials also stated that travel expenses are tied to DOD’s mission requirements. For instance, DOD military and civilian personnel provided support to civil authorities in areas such as humanitarian assistance and disaster recovery during the period of our review, according to these officials. Travel by DOD personnel to locations for these missions would contribute to DOD’s travel expenses.

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## DOD Estimated an Annual Average of \$322 Million in Improper Travel Payments for Fiscal Years 2016 through 2018

According to data provided by DFAS, the annual average of DOD improper travel payments was about \$322 million for fiscal years 2016 through 2018, totaling \$965.5 million (or 5.3 percent of total DTS travel payments) for those years.

- For fiscal year 2016, DFAS calculated that an estimated \$416.6 million in travel payments (7.3 percent of total fiscal year 2016 DTS travel payments) were improper.
- For fiscal year 2017, DFAS's estimate of improper payments was \$252.4 million (4.2 percent of total fiscal year 2017 DTS travel payments). However, data availability issues limited the scope of that year's post-payment review, which is used to estimate the improper payment rate.<sup>19</sup>
- For fiscal year 2018, DFAS's estimate of improper payments was \$296.6 million (4.5 percent of total fiscal year 2018 DTS travel payments).

These improper payment amounts include both overpayments and underpayments and do not necessarily indicate a monetary loss to the government. According to DOD's Agency Financial Report, payments identified as improper do not always represent a monetary loss. For instance, an otherwise legitimate payment that lacks sufficient supporting documentation or approval is reported as improper but is not considered a monetary loss if documentation or approval is subsequently provided. Monetary loss is an amount that should not have been paid and could be recovered.

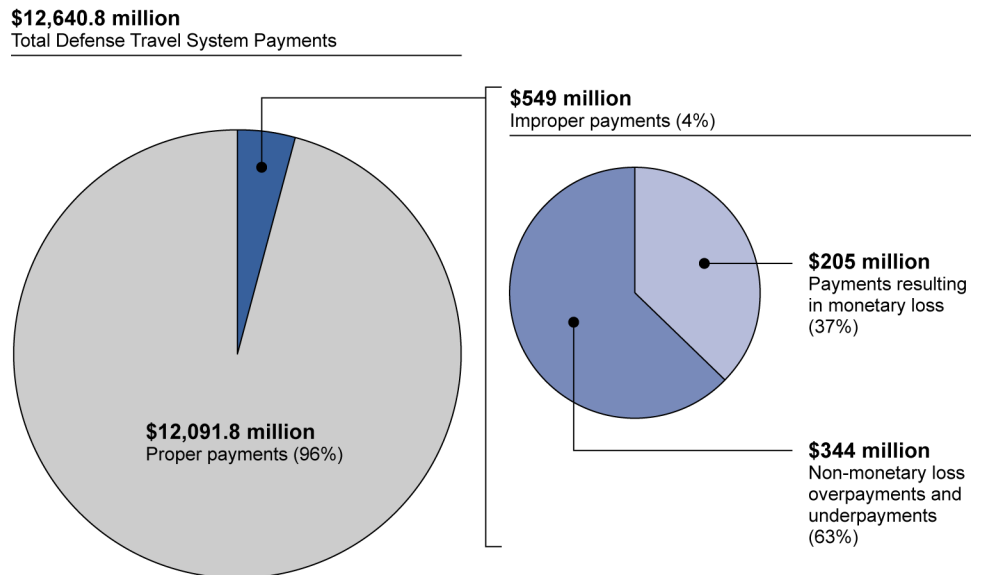
With respect to monetary loss, DFAS calculated that of the DTS improper payments, the department incurred an estimated \$205 million (1.6 percent of total DTS travel payments) loss to the government for fiscal

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<sup>19</sup>According to DOD documentation, the estimated improper payment amount for fiscal year 2017 was based on data from less than 9 months rather than a full year. Although DOD had complete data on travel payments for fiscal year 2017, a data failure caused an irrecoverable loss of supporting travel documentation for more than three months of that year. As a result, according to DOD documentation, the estimated improper payment amount for fiscal year 2017 was based on less than 9 months of data.

years 2017 and 2018 (see fig. 3).<sup>20</sup> Specifically, for fiscal year 2017, DFAS calculated an estimated monetary loss of \$97.7 million (1.6 percent of total DTS travel payments), and for fiscal year 2018, it calculated an estimated monetary loss of \$107.3 million (1.6 percent of total DTS travel payments).

**Figure 3: Defense Travel System Total and Improper Travel Payments (Fiscal Years 2017 and 2018)**



Source: GAO analysis of Department of Defense (DOD) data. | GAO-19-530

Note: The total travel payments were calculated using data reported in the Defense Travel System (DTS) and do not include payments that were processed in other travel systems used by DOD, such as the Air Force Reserve Travel System and the Windows Integrated Automated Travel System. DOD officials stated that DTS payments accounted for most of the travel payments for fiscal years 2016 through 2018. For example, in fiscal year 2018, DTS payments accounted for approximately 83 percent of total DOD travel payments. Payments identified as improper do not always represent a monetary loss. For instance, an otherwise legitimate payment that lacks sufficient supporting documentation or approval is reported as improper, if documentation or approval is subsequently provided. Monetary loss is an amount that should not have been paid and could be recovered.

<sup>20</sup>According to Defense Finance and Accounting Service (DFAS) officials, the post-payment review process that is used to develop the overall improper payment estimate includes coding by error type, and certain error types are associated with monetary loss. These officials stated that through the post-payment review, DFAS identifies the amount of monetary loss in the sample and extrapolates that number to estimate monetary losses for the total travel payment population. The officials also stated that fiscal year 2017 was the first year in which they began tracking the monetary losses specific to DTS travel payments.

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According to DFAS officials, the monetary losses estimated by DFAS were a result of travel voucher errors such as claiming an expense that is automatically generated by DTS during the booking process, rather than updating the travel voucher with the amount actually paid. Other errors that DFAS considers to indicate a monetary loss to the government include duplicate paid vouchers, mileage paid incorrectly, lodging expenses paid twice, and expenses that do not match the receipts (e.g., lodging).

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## **DOD Has Taken Steps to Implement Its Remediation Plan, but Its Approach May Not Manage Risk Sufficiently, Many Actions Remain Incomplete, and Communication of Requirements Was Lacking**

DOD established and has taken steps to implement a Remediation Plan aimed at reducing improper travel payments that includes specific requirements for all DOD components as well as a committee to monitor the efforts of 10 components that DOD identified as key to addressing improper travel payments. However, DOD did not consider available data on improper travel payment rates in its selection of these 10 components to implement its risk-based approach. Further, the 10 components have not fully implemented the Remediation Plan requirements, and other components were generally unaware of the requirements in the Remediation Plan and DOD's broader efforts to resolve and mitigate improper travel payments.

## DOD Established a Remediation Plan to Address Improper Travel Payments and a Committee to Monitor Implementation by Key DOD Components

In October 2016, DOD established a Remediation Plan for improper payments in its travel pay program.<sup>21</sup> The memorandum establishing the plan specified that it applied to the Military Departments, Defense Agencies, Joint Staff, and Combatant Commands.<sup>22</sup> The Under Secretary of Defense (Comptroller) noted in the memorandum that the rate of improper travel payments had reached an unacceptable level, causing the department's program for preventing improper payments to be non-compliant with IPERA. Accordingly, the Remediation Plan specified steps that DOD components were required to take to reverse the department's poor performance. Specifically, it stated that the military services, defense agencies, DOD field activities, Joint Staff, and combatant commands must each designate in writing a Senior Accountable Official (SAO) responsible for implementing the plan's requirements for that component, train travelers and approving officials, issue guidance on holding approving officials pecuniarily liable for improper travel payments, and prepare component-specific remediation plans and identify corrective actions, among other things.<sup>23</sup> DOD specified that certain steps were to be completed by November 1, 2016. The requirements specified in DOD's Remediation Plan are listed in table 2.

**Table 2: Requirements Specified in DOD's October 2016 Travel Pay Improper Payments Remediation Plan**

Requirement as written in remediation plan	Frequency	Due date
Each Principle Staff Assistant, Military Department, and Fourth Estate Component must designate in writing a Senior Accountable Official (SAO) at the Senior Executive Service, general officer, or flag officer level.	One-time	Not specified
Component SAOs will issue guidance to ensure front end internal controls are in place to prevent travel pay improper payments.	One-time	Not specified
Component SAOs will send a copy of guidance to the Office of the Under Secretary of Defense (OUSD) (Comptroller).	One-time	November 1, 2016
Each SAO must review current training plans and provide an assessment as to their effectiveness to the OUSD (Comptroller).	One-time	November 1, 2016

<sup>21</sup>Under Secretary of Defense (Comptroller) Memorandum, *Preventing Travel Pay Improper Payments and Enforcing Recovery* (Oct. 7, 2016).

<sup>22</sup>DOD refers to these organizations collectively as the "DOD components." For a full list of the DOD components we included in our review, see appendix I.

<sup>23</sup>Based on our analysis, we determined that there are 52 such components, not including offices or sub-units within components. Please see appendix I for more information on the methodology we used to make this determination and appendix II for a listing of the 52 components.

Requirement as written in remediation plan	Frequency	Due date
SAO issue guidance on holding Departmental Accountable Officials (DAOs)/Certifying Officers (COs) pecuniarily liable for improper travel payments.	One-time	November 1, 2016
In coordination with the Defense Travel Management Office (DTMO) and Defense Finance and Accounting Service (DFAS), SAOs will review quarterly feedback DTMO/DFAS-generated reports to determine the effectiveness of these reports in terms of providing actionable information, identifying accountability, and identifying opportunities to enhance existing processes, systems, and reviews.	Quarterly	Not specified
Upon review of those reports, SAO requires its organization to identify root causes for currently identified improper payments, recommend corrective actions, and provide estimated completion dates to the Office of the Under Secretary of Defense (Comptroller).	Quarterly	Quarterly
DOD will reestablish Travel Pay improper payment metrics under the Defense Chief Financial Officer's (DCFO) Financial Operations metrics program. Quarterly error rates reported by Components will be reviewed. Specific corrective actions will be implemented to address root causes identified within the quarterly review.	Quarterly	Not specified
OUSD/DCFO will chair quarterly meetings to address Military Departments and Fourth Estate entities' top three most frequent errors to assess traveler accountability and approving official compliance.	Quarterly	Not specified
All components must provide and document either initial training or refresher training for all travelers and DAOs/COs travel voucher approving/certifying officials. Training must include specified topics.	One-time	November 1, 2016

Source: GAO analysis of Department of Defense (DOD) Remediation Plan. | GAO-19-530

DOD officials informed us that they also established a Senior Accountable Official Committee (SAO committee) consisting of the SAOs from the 10 components. The committee provided a mechanism for DOD's Deputy Chief Financial Officer to monitor the implementation of the Remediation Plan's requirements by those components. The SAO committee included the four military services and six additional components: the U.S. Special Operations Command, the Defense Logistics Agency, the Defense Contract Management Agency, the Defense Information Systems Agency, the Missile Defense Agency, and the Defense Contract Audit Agency.<sup>24</sup> An Office of the Under Secretary of Defense (OUSD) (Comptroller) official told us that DOD did not monitor the implementation of other components' efforts to implement the Remediation Plan's requirements.

<sup>24</sup>The Senior Accountable Official (SAO) committee included SAOs from a total of 13 member components, but DOD officials told us that 3 of those components (the Office of the Under Secretary of Defense (Comptroller), the Defense Finance and Accounting Service (DFAS), and the Defense Travel Management Office (DTMO)) served in support roles and were not held accountable for completing the Remediation Plan requirements.

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The SAO committee met four times from January 2017 through September 2017, with a fifth meeting in May 2018. At these meetings, components represented on the committee discussed approaches they had taken to prevent improper travel payments and highlighted examples of best practices to educate travelers and approving officials about how to avoid improper travel payments. In addition, DFAS officials presented the results of monthly post-payment reviews to identify the most common errors associated with improper travel payments. In June 2018, DOD broadened the scope of the SAO committee and chartered the *DOD Improper Payments Senior Accountable Officials Steering Committee*, which was established to address all programs included in DOD's improper payments reporting—not just travel pay.<sup>25</sup> As of May 2019, this steering committee had met twice, in December 2018 and again in March 2019.

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**DOD Selected Components for the SAO Committee Based on Total Travel Payments, but Did Not Consider Components' Improper Payment Rates**

DOD identified components to include on the SAO committee based on fiscal year 2016 DTS travel payments but did not consider components' improper payment rates as selection criteria. According to OUSD (Comptroller) officials, DOD used a risk-based approach to select the 10 components to include in the SAO committee, because these components accounted for the significant majority of the department's DTS travel payments.<sup>26</sup> However, as a result of the way in which DOD reports its estimated rates of improper travel payments, it is unclear whether there is an association between the volume of DTS travel payments and improper travel payment rates. DOD officials told us that they did not use estimated improper travel rates as a selection criterion because DFAS does not report estimated improper payment rates for all DOD components in its annual agency financial report. Instead, DFAS uses a stratified sampling method for the post-payment review of travel vouchers, which means that the sample sizes for certain individual components—such as smaller defense agencies—may be too small to be

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<sup>25</sup>These programs are civilian pay, commercial pay, military health benefits, military pay, military retiree and annuitant benefits, and travel pay.

<sup>26</sup>DTS data for fiscal year 2016 that DOD provided to us indicated that 9 of the components represented on the SAO committee accounted for about 95 percent of DTS travel payments in fiscal year 2016. We could not determine the amount of travel payments for the 10<sup>th</sup> component (U.S. Special Operations Command) from the DTS data provided to us, because the DTS data did not separate travel payments for U.S. Special Operations Command from the other combatant commands and the Joint Staff.

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statistically reliable.<sup>27</sup> As a result, DFAS reports improper payment rates for the individual military services and U.S. Special Operations Command, but it reports an aggregate rate for the defense agencies that DFAS officials told us also includes “joint commands.”<sup>28</sup>

Notwithstanding DOD’s current sampling approach for determining improper payment rates, DOD has previously reported discrete improper payment rates for components that are not represented on the SAO committee, and there may be additional data sources on component-specific improper payment rates. First, a 2016 DODIG report on improper travel payments presented the results of a DFAS review of DTS vouchers for 58 DOD components for July through December, 2014, including 48 components not represented on DOD’s SAO committee.<sup>29</sup> Second, DOD has reported improper payment rates for specific components other than the military services as part of the Remediation Plan effort. Specifically, DFAS has reported an improper payment rate for U.S. Special Operations Command in the quarterly reports it provided to the SAO committee separately from the aggregate rate it reports for other “joint commands.” Third, we found that other sources of data on estimated improper travel payment rates may be available to the department. For example, of the non-SAO components that responded to our survey, 7 of 28 indicated that they track their rate of improper travel payments.

Because DOD’s approach to monitoring specific components’ implementation of the Remediation Plan was based solely on the amount of DTS travel payments, DOD lacks assurance that the components it selected for greater scrutiny were the ones most at risk for improper travel payments. *Standards for Internal Control in the Federal Government* notes that management can define risk tolerances for defined objectives, specifically the acceptable level of variation in performance relative to the

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<sup>27</sup>For example, DFAS officials told us that the sample may include as few as one voucher for smaller DOD agencies. DOD agencies are defense organizations separate from the military departments and are intended to provide a common supply or service across more than one DOD organization.

<sup>28</sup>“Joint commands” includes the combatant commands and Joint Staff.

<sup>29</sup>Department of Defense, Office of Inspector General Report No. DODIG-2016-060, *DOD Actions Were Not Adequate to Reduce Improper Travel Payments* (Mar. 10, 2016). The 58 components listed in the DODIG report did not exactly match our survey population for reasons including DOD had either eliminated them or consolidated them into other components, or the components did not meet the selection criteria we discuss in detail in appendix II.



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achievement of objectives.<sup>30</sup> Federal internal control standards also state that agencies should evaluate whether a risk-based approach is appropriately designed by considering whether it is consistent with expectations for the defined objectives.<sup>31</sup> If the approach is not consistent with expectations, agencies should revise the approach to achieve consistency. In this case, DOD decided to accept the risk associated with targeting its Remediation Plan efforts to only those components that accounted for most of the department's total travel payments in fiscal year 2016. However, without including improper payment rates in its analysis, DOD may have excluded components with lower overall travel payments that had significant improper payment rates. As a result, DOD cannot be assured that it has implemented the Remediation Plan in a way that is both efficient and effective in reducing improper travel payments.

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### Components that DOD Identified as Key to Addressing Improper Travel Payments Did Not Fully Implement the Remediation Plan

The 10 components that make up the SAO committee and were identified as key to the effort to reduce improper payments took some steps to address the Remediation Plan requirements but did not complete all of the requirements outlined in the Plan. For example, 7 of the 9 components that responded to our survey reported that they had designated an SAO. Further, these components indicated that their SAOs had completed some required steps, such as issuing guidance to ensure that front-end internal controls were in place to prevent improper travel payments; reviewing training plans to determine their effectiveness in preventing improper travel payments; and providing initial or refresher training to all travelers and approving officials, among other actions. However, none of the components that responded to our survey had completed all of the requirements by the due date of November 1, 2016.

As of March, 2019, when we surveyed the 10 DOD components, only four of the 9 components that responded to our survey had completed all of the requirements (see table 3). For instance, 1 component (the Defense Information Systems Agency) had not developed a component-level remediation plan, and 6 of the 10 components had not developed corrective action plans to address the improper travel payments they identified, as required by the Remediation Plan. OUSD (Comptroller) officials told us that they required only the military services to complete

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<sup>30</sup>GAO-14-704G.

<sup>31</sup>GAO-14-704G.

corrective action plans, because these components accounted for about 92 percent of DTS travel payments.

**Table 3: DOD’s October 2016 Travel Pay Improper Payments Remediation Plan Requirements Completed as of March 2019**

<b>Component</b>	<b>DOD Remediation Plan requirements</b>
U.S. Army	Completed (December 2018)
U.S. Navy	Partially completed
U.S. Air Force	Partially completed
U.S. Marine Corps	N/A <sup>a</sup>
U.S. Special Operations Command	Partially completed
Defense Logistics Agency	Completed (June 2018)
Defense Contract Management Agency	No response <sup>b</sup>
Defense Information Systems Agency	Completed (March 2017)
Missile Defense Agency	Completed (March 2017)
Defense Contract Audit Agency	Partially completed

Source: GAO analysis of Department of Defense (DOD) documents, GAO survey. | GAO-19-530

Notes: DOD officials told us that the Office of the Under Secretary of Defense (Comptroller), the Defense Finance and Accounting Service, and the Defense Travel Management Office were also included in the Senior Accountable Official (SAO) committee. However, because they participated in leadership or advisory roles, and DOD officials told us they were not expected to complete the Remediation Plan requirements, they are not listed in this table.

<sup>a</sup>The Navy represented the Marine Corps on the SAO committee, and the Navy’s remediation plan applies to the Marine Corps.

<sup>b</sup>We were unable to determine whether the Defense Contract Management Agency had completed the Remediation Plan steps, because component officials did not respond to our survey.

We found that, while DOD established specific milestones for certain actions in the Remediation Plan, it did not establish milestones for completing most of the actions. Specifically, as shown in table 2 earlier in this report, only 5 of the 11 requirements in the Remediation Plan had an associated due date. Further, while DOD established a mechanism to monitor whether the components had implemented the Remediation Plan requirements through the SAO committee, this mechanism was not effective in holding them accountable for doing so.

For example, at the first SAO committee meeting (January 18, 2017), the SAOs were told to complete the Remediation Plan requirements by March 1, 2017, and to be prepared to discuss them at the next SAO committee meeting. However, at the next meeting (March 29, 2017), only 3 components—the Navy, the Defense Information Systems Agency, and the Defense Logistics Agency—were prepared to present their

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component-level remediation plans to the committee.<sup>32</sup> At the meeting, the DOD Deputy Chief Financial Officer, serving as the chair of the committee, emphasized that components needed to document progress in order to demonstrate that the department was working toward identifying root causes and implementing corrective action plans to prevent and reduce improper travel payments. At the May 24, 2018 SAO committee meeting, 3 additional components—the Air Force, the Defense Contract Management Agency, and the Missile Defense Agency—presented their plans to the committee. However, as of March 2019, the U.S. Special Operations Command and the Defense Contract Audit Agency had still not presented their plans to the committee.

*Standards for Internal Control in the Federal Government* states that management should evaluate performance and hold individuals accountable for their internal control responsibilities.<sup>33</sup> Accountability is driven by the tone at the top of an organization and supported by the commitment to integrity and ethical values, organizational structure, and expectations of competence, which influence the control culture of the entity. In addition, the standards state that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

As we stated earlier in this report, DOD has been challenged by inaccurate and inconsistent estimates of improper payment rates, which do not allow for reliably tracking the rate of improper travel payments over time. By establishing milestones, monitoring progress, and holding component leadership accountable for the implementation of the requirements of the Remediation Plan, DOD would have greater assurance that it has taken sufficient actions to reduce improper travel payments.

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<sup>32</sup>At the March 29, 2017 SAO committee meeting, the Army discussed planned actions for addressing improper payments. However, at that time, the Army had not developed its written remediation plan or established timelines for implementation. On June 21, 2017, the Army completed its remediation plan and submitted it to the Office of the Under Secretary of Defense (Comptroller). The Army, however, did not present the plan at any subsequent SAO committee meetings, according to the meeting minutes.

<sup>33</sup>[GAO-14-704G](#).

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## Non-SAO Committee Components Took Some Steps to Implement the Remediation Plan Requirements but Were Generally Unaware of DOD's Actions in this Area

As we noted above, the department memorandum outlining the Remediation Plan was addressed to all components, and DOD officials confirmed that, although they monitored implementation of the Remediation Plan for the 10 components represented on the SAO committee, the 42 components not represented on the SAO committee (non-SAO committee components) were still required to complete the actions specified in the Plan. However, we found that, based on our survey results, half of the components that responded to our survey were unaware of the requirements established in the Remediation Plan. Of the 28 non-SAO committee components that completed our survey, 14 (50 percent) responded that they were either not at all familiar with the Remediation Plan requirements or only slightly familiar with the requirements. Our survey results and review of DOD documentation also indicate that many of the 42 non-SAO committee components had taken some steps to reduce improper payments, consistent with the Remediation Plan requirements, but had not completed all of the Plan's requirements. For example, of the 28 non-SAO committee components that completed our survey, 10 (36 percent) responded that they had not designated an SAO or other lead entity in writing, and 8 (29 percent) did not know whether their component had designated a SAO.

Our survey results also indicate that most of the components not represented on the SAO committee who responded to our survey were unaware of department efforts to prevent and reduce improper travel payments. Specifically, many of the non-SAO committee components had not been made aware of efforts to implement the Remediation Plan across the department through mechanisms such as the SAO committee meeting minutes or quarterly DFAS reports. Sixteen of the 28 non-SAO committee components who responded to our survey reported that no one from their organization had ever attended an SAO committee meeting, and 11 responded that they did not know if anyone from their component had attended. Further, 15 of the 28 components who responded to our survey reported that they had never received a copy of the official SAO committee meeting minutes, and 13 responded that they did not know whether they had. Nine of the 28 components responded that they did not receive copies of the DFAS quarterly reports on improper payments, which are used to track the types of errors that occur in travel payments and help components to target actions to address them.

*Standards for Internal Control in the Federal Government* states that management should internally communicate the necessary quality

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information to achieve the entity's objectives.<sup>34</sup> Communicating quality information down, across, up, and around reporting lines to all levels of an entity contributes to the design, implementation, and operating effectiveness of this principle.

An OUSD (Comptroller) official confirmed that DOD did not take action to share information on the Remediation Plan requirements or implementation efforts with components not represented on the SAO committee. When DOD made the decision to focus the SAO committee on 10 components, it did not establish a mechanism or document how information on Remediation Plan efforts would be communicated to the non-SAO committee components, which are also required to implement the Plan. As a result, the components that are not represented on the SAO committee have not benefited from information on the Plan's requirements or lessons learned and best practices that were identified during the SAO committee effort—which may have helped them to reduce their improper payments. Providing opportunities for all components to benefit from the Remediation Plan efforts would give DOD greater assurance that it has taken steps to reduce its overall improper payment rate.

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<sup>34</sup>[GAO-14-704G](#).

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## DOD Has Implemented Mechanisms to Identify Errors Leading to Improper Travel Payments, but these Efforts Do Not Clearly Identify the Root Causes of These Errors or the Cost-Effectiveness of Addressing Them

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### DOD Identified Errors Leading to Improper Travel Payments but Did Not Clearly Identify the Root Causes of These Errors

DOD has established mechanisms to identify and address the errors that most frequently lead to improper travel payments, but we found some limitations with these mechanisms because they did not consistently identify the root causes of the errors.

- *DTMO Compliance Tool.* In response to a requirement in the National Defense Authorization Act for Fiscal Year 2012, DTMO developed a compliance tool that uses a set of digital queries to automatically review vouchers submitted for payment through DTS to determine whether they meet criteria that indicate the potential for improper payment.<sup>35</sup> According to DTMO, as of fiscal year 2018, the tool had recovered \$25 million over 5 years.

If a voucher is flagged by this tool, an email is automatically generated to the traveler and approving official associated with that voucher with instructions for correcting the error. For example, the compliance tool flags vouchers with duplicate expenses, such as expenses for lodging or rental cars. However, the tool does not flag all potential improper payments, because it does not identify all types of voucher errors. For instance, according to DTMO officials, the tool cannot identify

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<sup>35</sup>National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81, § 631 (2011), *codified at* 37 U.S.C. § 463.

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vouchers that have been submitted without required receipts. For fiscal year 2018, the average rate for DTS vouchers identified as erroneous by the DTMO compliance tool was 0.044 percent. In contrast, DOD reported an improper payment rate of 4.5 percent for DTS vouchers in fiscal year 2018. In addition, the tool does not identify the root causes leading to those errors. Rather, the tool simply notifies the traveler and approving official associated with a specific voucher with characteristics indicative of a potential improper payment and requests that they amend the voucher to remove any errors.

- *DFAS Sampling.* Each month, DFAS selects a sample of vouchers that have been processed in DTS and assigns staff to review those vouchers to determine whether any resulted in an improper payment. According to DFAS officials, DFAS provides the results of these reviews to the components represented on the SAO committee. DFAS also prepares quarterly reports that summarize the most frequent errors that lead to improper travel payments and presents these reports for discussion at SAO committee meetings. DFAS reports the frequency of voucher errors for each military service and U.S. Special Operations Command and an aggregate rate for defense agencies and joint commands. The DFAS reports also suggest corrective actions to address the identified errors. For example, in November 2018, DFAS reported that the voucher error leading to the third largest amount of improper payments was “Lodging—Paid Without a Receipt,” which accounted for a total of \$21,810 in improper payments in that month. The corrective action DFAS suggested was for reviewers or approving officials to verify that receipts were uploaded to DTS and that any uploaded receipts met the criteria for valid receipts. If either of these conditions was not met, the reviewer was to return the voucher to the traveler to correct and resubmit.

However, these corrective actions did not address the root causes of those errors. Specifically, neither DFAS nor the SAO committee determined why travelers were not uploading receipts for lodging expenses or why officials were approving vouchers without receipts. According to DFAS reports, errors related to missing lodging receipts were among the top 5 errors from October 2016 through June 2017. By December 2018, these were the most common errors DFAS identified—accounting for a total of \$53,125 in improper payments in that month—yet DOD did not develop corrective actions to address the root cause (i.e., why travelers were continuing to submit vouchers without lodging receipts).

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- *SAO Committee Effort.* As we discussed earlier in this report, beginning in January 2017, OUSD (Comptroller) convened five meetings of the SAOs from 10 components that, according to officials, accounted for the majority of DOD travel payments in fiscal year 2016. At these meetings, representatives from the components discussed approaches they were using to reduce improper travel payments. In addition, representatives from DTMO and DFAS presented trends resulting from their efforts to identify improper travel payments using the DTMO Compliance Tool and DFAS post-pay sampling. These presentations conveyed information about the types of voucher errors that were leading to improper travel payments, and SAOs in attendance discussed how to mitigate those errors. However, our review of SAO Committee meeting minutes and the remediation plans prepared by those components represented on the committee found that the components did not identify the root causes of errors leading to improper travel payments.
  - *Military Services' Corrective Action Plans.* The military services, in coordination with OUSD (Comptroller), developed corrective action plans to address improper travel payments. OUSD (Comptroller) provided the military services with guidance on developing the corrective action plans that states that corrective action plans are required to reduce improper payments, as well as to address specific audit recommendations and issues of IPERA non-compliance. OUSD (Comptroller) also provided the military services with a corrective action plan template that instructs them to describe what the plan is intended to address, i.e., improper payments, a specific audit recommendation, or noncompliance issues. The template also defines root causes as "underlying issues that are reasonably identifiable, can be controlled by management, and require implementing corrective actions to mitigate." As of May 2019, the military services had prepared 12 corrective action plans for the travel pay area. However, we found that only 4 of them included specific corrective actions addressing the root causes of improper travel payments.

We also found that the plans varied in terms of their sophistication in discussing and identifying root causes. For example, none of the corrective action plans prepared by the Air Force targeted the root causes of improper travel payments. By contrast, one of the Navy's corrective action plans clearly identified the root cause of an error (vouchers being approved without the required forms) and specified 10 milestones and associated corrective actions to address the root



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cause.<sup>36</sup> Of the Army's two corrective action plans, one addressed weaknesses in the Army's sampling plan for determining improper payments at overseas offices but did not discuss identifying the root causes of improper travel payments, and the other required Army travel management officials at overseas offices to improve their reporting of improper travel payments to more clearly link corrective actions with root causes.

While DOD has taken some positive steps to identify the errors that most frequently lead to improper travel payments, our review found that component officials do not have a clear understanding of what constitutes the "root cause" of an improper travel payment. For example, component officials who responded to our survey consistently mischaracterized root causes as the specific errors leading to improper payments (e.g., missing receipts) rather than the underlying reasons for those errors.

Our survey asked respondents if their component had taken steps to identify the root causes of voucher errors that led to improper travel payments in fiscal year 2018 and, if so, to provide examples of root causes they had identified.<sup>37</sup> While 31 of the 37 (84 percent) components that responded to the question indicated that they had taken steps to identify root causes, and 28 (76 percent) indicated that they had taken steps to address those identified root causes, open-ended survey responses indicated that the components did not understand the term "root cause." Specifically, 24 of the 31 (77 percent) components that provided open-ended responses with examples of the root causes they identified cited voucher errors—such as missing receipts—rather than identifying the root causes for why those errors occurred. This indicates that the 31 components that responded to this question did not understand the term "root cause". It also suggests that the number of components that actually took actions to address root causes is likely significantly lower than the numbers reported by the survey respondents.

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<sup>36</sup>The milestones included both actions the Navy could take (such as providing additional training for Navy travelers and approving officials) and actions the Navy needed DTMO to take (e.g., changes to the DTS web portal interface to create alerts when vouchers are submitted without required forms).

<sup>37</sup>The survey question also noted that for the purpose of the question we defined root cause as "the reasons personnel made errors preparing or approving vouchers," including, but not limited to, travelers were insufficiently trained on voucher preparation, approvers did not have sufficient time to review vouchers, and Defense Travel System was not effectively designed to process vouchers.

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OMB guidance specifies that agencies should ensure they have identified a true root cause of an improper payment, because it is critical to do so in order to formulate effective corrective actions.<sup>38</sup> DOD's *Financial Management Regulation* (FMR) states that root causes of improper payments must be identified and corrective plans developed and monitored on a regular basis to ensure that future improper payments will be reduced and eliminated.<sup>39</sup> However, neither DOD's FMR nor the June 2018 charter for the *DOD Improper Payments SAO Steering Committee* defines the term "root cause." And while DOD has established some mechanisms to try to help components identify root causes, our survey demonstrates that many travel management officials at DOD components do not clearly understand the meaning of root cause. Specifically, of the 31 components that provided examples of what they believed to be the root causes of voucher errors, only 7 provided examples of actual root causes. Until DOD defines the term "root cause" to ensure a common understanding of the term across the department, DOD travel management officials will likely miss opportunities to make changes that could help to address the underlying causes of improper travel payments.

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### DOD Has Not Determined How to Assess the Cost-Effectiveness of Addressing Root Causes Once They Have Been Identified

All of the corrective action plans prepared by the military services that are intended to identify root causes of improper travel payments specified the costs associated with implementing the corrective actions. While many of the actions do not fully address root causes, as previously discussed, it is important that the department weighs the cost-effectiveness of its actions. However, we found that the services had not incorporated a consideration of cost-effectiveness into their decisions on whether to implement those actions, at least in part because OUSD (Comptroller) had not provided guidance on how they should assess the cost-effectiveness of potential corrective actions. Specifically, the template OUSD (Comptroller) provided to the military services for preparing corrective action plans neither asked for information on costs nor specified how to determine the cost-effectiveness of specific corrective actions. In May 2019, an OUSD (Comptroller) official told us that DOD is considering formulating guidance on how components should determine cost-effectiveness.

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<sup>38</sup>Specifically, Appendix C to OMB Circular A-123 defines root cause as something that would directly lead to an improper payment and, if corrected, would prevent the improper payment.

<sup>39</sup>Financial Management Regulation 7000.14-R, Volume 4, Chapter 14, *Improper Payments* (June 2015).

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OMB guidance states that agencies should be able to measure the effectiveness and progress of each individual corrective action on an annual basis.<sup>40</sup> The guidance further states that agencies should annually review their existing corrective actions to determine if any existing action can be intensified or expanded so that it results in a high return on investment in terms of reduced or prevented improper payments.

Addressing the root causes of improper travel payments can be costly, requiring investments in technology changes, among others. For example, component officials whom we interviewed and who responded to our survey indicated that several of the root causes for improper travel payments were related to design flaws in DTS. According to DOD officials, a feature of DTS called “Trip Workbook” is used by travelers to upload and attach receipts to vouchers. However, “Trip Workbook” is not visible to approving officials when they process the voucher for approval and payment. As a result, vouchers are being approved without the required receipts, because approving officials cannot determine whether or not the receipts have been attached. Officials stated that changes to DTS are often costly and can take a long time, and in some instances they can be more costly than the improper payment amounts they are intended to reduce.<sup>41</sup> Without clear guidance to assist components in determining whether proposed corrective actions are cost-effective to implement, DOD travel management officials will be hampered in making informed decisions about which actions to implement and which to leave unfunded.

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## Conclusions

DOD spent about \$6 billion annually in DTS travel payments from fiscal years 2016 through 2018 for its personnel to travel in support of its mission, but since 2012 the DODIG has consistently found the DOD travel program to be non-compliant with statutory requirements to mitigate improper payments. In 2016, DOD began implementing a Remediation Plan to address weaknesses in its management of improper travel payments. However, DOD did not consider component-specific improper payment rates in addition to overall travel payments when developing its risk-based approach to monitoring the implementation of the Plan. Thus,

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<sup>40</sup>OMB Circular A-123, Appendix C.

<sup>41</sup>DTS is a joint program distributed to users across the department, and is controlled by DTMO. Each component has personnel who coordinate with DTMO regarding system changes. According to DTMO officials, to change aspects of DTS, components must submit a formal change request to DTMO.

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DOD lacks assurance that the components it selected for greater scrutiny were the ones most at risk for improper travel payments. Further, even the components that DOD determined were critical to implementing the Remediation Plan did not fully implement the Plan's requirements, because DOD had not established milestones for completing all of the requirements, monitored whether the components had completed them on time, or held them accountable for completing the requirements. In addition, DOD did not establish a mechanism to share the results of the SAO committee's initiatives to reduce improper payments with travel management officials across the department, limiting opportunities for the components that were not represented on the SAO committee to benefit from Remediation Plan efforts.

DOD has taken some positive steps to identify the errors associated with improper travel payments but can do more to effectively and efficiently address the underlying root causes. First, DOD has not established a common definition of root cause so that travel management officials across the department can clearly identify actions needed to address improper travel payments. In the absence of such a definition, the department is limited in its ability to address the underlying reasons for improper travel payments. Second, DOD components lack guidance to assist them in determining the cost-effectiveness of addressing root causes of improper travel payments. Such guidance would help to provide assurance that investments are targeted to actions that are cost effective to implement.

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## Recommendations for Executive Action

We are making five recommendations to DOD.

The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) revises the approach for selecting components to implement the *DOD Travel Pay Improper Payments Remediation Plan* to consider available improper payment rate data in addition to data on the components' amount of travel payments. (Recommendation 1)

The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) expedites completion of the remaining Travel Pay Improper Payments Remediation Plan requirements by establishing milestones for the requirements, monitoring whether the components have completed them on time, and holding components accountable for completing the requirements. (Recommendation 2)

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The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) establishes a mechanism to share the results of the SAO committee's initiatives to reduce improper travel payments with all appropriate travel management officials across the department. (Recommendation 3)

The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) takes action to ensure a common understanding of the concept of root cause across the department. This could be done by, among other actions, revising the Financial Management Regulation or the charter for the DOD Improper Payments SAO Steering Committee to include a definition of the term and including a definition of the term in the mechanism used to share the results of the SAO committee's initiatives to reduce improper travel payments with travel management officials across the department. (Recommendation 4)

The Secretary of Defense should ensure that the DOD Deputy Chief Financial Officer directs the chairs of the SAO Committee, with the input of OUSD (Comptroller), DTMO and DFAS, to provide guidance to the components on how to determine whether actions that would address root causes are cost effective to implement. (Recommendation 5)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In its written comments, reproduced in appendix III, DOD did not concur with our first recommendation, partially concurred with our second and fifth recommendations, and concurred with our third and fourth recommendations and outlined its plan to address them. DOD also provided technical comments, which we incorporated in the report where appropriate.

In non-concurring with our first recommendation that OUSD (Comptroller) revise the approach for selecting components to implement the *DOD Travel Pay Improper Payments Remediation Plan* (Remediation Plan) to consider available improper payment data in addition to the amount of travel payments of DOD components, DOD stated that OUSD (Comptroller) had focused implementation of its remediation efforts on the 10 components that accounted for approximately 95 percent of the department's travel pay disbursements in DTS. DOD added that this approach achieved maximum coverage of travel payments, given its time and resource limitations. DOD also stated that improper payment metrics reported by DFAS supported this approach, as these data show that the

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military services accounted for 92 percent of DTS travel payments and a majority of improper travel payments.

We acknowledge in our report that DOD identified the 10 components to include on the SAO committee because these components accounted for the significant majority of the department's fiscal year 2016 DTS travel payments. However, our report also states that it is unclear whether there is an association between the volume of DTS travel payments and improper travel payment rates (measured in terms of the percentage of DTS travel payments made improperly), because DOD does not routinely collect data on improper travel payment rates for all components even though—as we also note in our report—such data are available. As a result, DOD may have excluded components with relatively lower travel payments but higher rates of improper payments. DOD's approach can serve to reduce DOD's total improper travel payment amounts, but it may not fully support a key goal of DOD's Remediation Plan—to reduce the risk of improper travel payments. Thus, we continue to believe that DOD should incorporate improper payment rates into its approach to oversee the implementation of its remediation efforts.

In partially concurring with our second recommendation that OUSD (Comptroller) expedite completion of the remaining Remediation Plan requirements by establishing milestones for the requirements, monitoring whether the components have completed them on time, and holding components accountable to completing the requirements, DOD stated that OUSD (Comptroller) will expedite completion of the Remediation Plan requirements for the six components that have not yet completed them. DOD specified that OUSD (Comptroller) will establish milestones for the remaining requirements, monitor their progress, and hold components accountable for their completion. DOD stated that it would complete these actions by January 31, 2020. DOD also reiterated that it does not believe detailed oversight beyond the largest components is cost-effective, but noted that it would continue to monitor the non-SAO components and their impact on improper travel payments. The intent of our recommendation is to ensure that DOD expedites completion of the Remediation Plan requirements for, at a minimum, the 10 components that accounted for a significant majority of DOD's DTS travel payments. We believe the planned actions that DOD outlined in its response will meet the intent of our recommendation. Further, as discussed in our report, requiring additional components to complete the Remediation Plan requirements may be warranted if those components have relatively high improper payment rates. Therefore, DOD's stated plan to monitor other components and their impact on improper travel payments would be

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responsive to our recommendation, provided the department holds non-SAO committee components accountable for addressing high improper payment rates.

In partially concurring with our fifth recommendation that the DOD Deputy Chief Financial Officer direct the chairs of the SAO Committee, with the input of OUSD (Comptroller), DTMO and DFAS, to provide guidance to the components on how to determine if actions that would address root causes are cost-effective to implement, DOD stated that OUSD (Comptroller) will revise the improper payments corrective action plan template to require reporting components to perform a cost-benefit analysis to determine the best or most cost-effective solution, resulting in savings to the department. DOD added that OUSD (Comptroller) will not provide specific steps to the components on how to determine whether their actions are, in fact, cost-effective to implement. DOD further stated that it believes that the criteria and/or appropriate steps to determine whether corrective actions are cost-effective for a component must be identified and agreed upon internally within the component. DOD stated that it would complete these actions by October 31, 2019. The intent of our recommendation is to ensure that DOD components determine the cost-effectiveness of actions to address the root causes of improper travel payments. DOD's stated plan to require the reporting components to perform a cost-benefit analysis will meet the intent of our recommendation, provided that the department ensures that the components are evaluating the cost-effectiveness of planned corrective actions that address the root causes of improper travel payments.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the DOD Chief Management Officer, the Under Secretary of Defense (Comptroller), the Secretary of the Army, the Secretary of the Air Force, the Secretary of the Navy, the Commandant of the Marine Corps, the Chairman of the Joint Chiefs of Staff, the Director of the Defense Finance and Accounting Service, and the Director of the Defense Travel Management Office. In addition, the report is available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last

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page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read "Elizabeth Field", with a stylized, cursive script.

Sincerely yours,  
Elizabeth Field, Acting Director  
Defense Capabilities and Management



# Appendix I: DOD Components Included in GAO's Web-Based Survey

**Table 4: DOD Components Included in GAO's Web-Based Survey**

Component Type	Component Name
Military Services	U.S. Army <sup>a</sup>
	U.S. Navy <sup>a</sup>
	U.S. Air Force <sup>a</sup>
	U.S. Marine Corps <sup>a</sup>
Defense Agencies and DOD Field Activities	Defense Media Activity (DMA)
	Missile Defense Agency (MDA) <sup>a</sup>
	Defense Acquisition University (DAU)
	Defense Advanced Research Projects Agency (DARPA)
	Defense Commissary Agency (DECA)
	Defense Contract Audit Agency (DCAA) <sup>a</sup>
	Defense Finance and Accounting Service (DFAS) <sup>a</sup>
	Defense Information Systems Agency (DISA) <sup>a</sup>
	Defense Intelligence Agency (DIA)
	Defense Logistics Agency (DLA) <sup>a</sup>
	Defense Security Service (DSS)
	Defense Technical Information Center (DTIC)
	Defense Technology Security Administration (DTSA)
	Defense Threat Reduction Agency (DTRA)
	Department of Defense Education Activity (DODEA)
	National Defense University (NDU)
	National Geospatial-Intelligence Agency (NGA)
	Defense POW/MIA Accounting Agency (DPAA)
	Defense Health Agency (DHA)
	Court of Appeals for the Armed Forces (CAAF)
	Uniformed Services University of Health Sciences (USU)
	DOD Inspector General (DOD IG)
	Defense Contract Management Agency (DCMA) <sup>a</sup>
	Defense Security Cooperation Agency (DSCA)
	White House Military Office (WHMO)
	Defense Microelectronics Activity (DMEA)
	Test Resource Management Center (TRMC)
	Office of the Secretary of Defense (OSD) <sup>a</sup>
	Office of Economic Adjustment (OEA)
	Office of General Counsel (OGC)
	Defense Human Resources Activity (DHRA) <sup>a</sup>

**Appendix I: DOD Components Included in  
GAO's Web-Based Survey**

<b>Component Type</b>	<b>Component Name</b>
Joint Commands	Washington Headquarters Service (WHS)
	Pentagon Force Protection Agency (PFPA)
	Joint Chiefs of Staff (JCS)
	U.S. Africa Command (AFRICOM)
	U.S. Central Command (CENTCOM)
	U.S. European Command (EUCOM)
	U.S. Northern Command (NORTHCOM)
	U.S. Indo-Pacific Command (INDOPACOM)
	U.S. Special Operations Command (SOCOM) <sup>a</sup>
	U.S. Southern Command (SOUTHCOM)
	U.S. Strategic Command (STRATCOM)
	U.S. Transportation Command (TRANSCOM)
	Inter American Defense Board (IADB)
	Joint Interagency Task Force – West (JIATF-W)
	North Atlantic Treaty Organization (NATO)
	United Nations Command/US Forces Korea (USFK)
	U.S. Military Entrance Processing Command (USMEPCOM)

Source: Department of Defense (DOD) and GAO. | GAO-19-530

<sup>a</sup>Components represented on the Senior Accountable Official Committee (SAO committee) since establishment of the committee. The SAO committee had a total of 13 member components, but DOD officials told us that 3 components (the Office of the Under Secretary of Defense (Comptroller), the Defense Finance and Accounting Service, and the Defense Travel Management Office) served in support roles and were not held accountable for completing the Remediation Plan requirements.

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# Appendix II: Objectives, Scope, and Methodology

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Our objectives were to examine (1) the amount the Department of Defense (DOD) spent on Defense Travel System (DTS) travel payments for fiscal years 2016 through 2018 and how much of those payments DOD estimated to be improper; (2) the extent to which DOD implemented its Remediation Plan; and (3) the extent to which DOD established mechanisms to identify errors leading to improper travel payments, the root causes of those errors, and the cost effectiveness of addressing root causes.

To address our first objective, we collected DTS data on travel payments for fiscal years 2016 through 2018, by DOD component and trip purpose, from the Defense Travel Management Office (DTMO). We used this time period because DOD issued its plan to remediate improper payments in 2016. We calculated the total payments for that time period, as well as the average annual payments and subtotals for various categories—such as the military services and the trip purposes—that represented the top three highest percentages of payments. We discussed with DTMO officials how the data were generated and what the data points represented. We chose to focus on DTS because it is the primary system for processing travel vouchers for DOD, and the vouchers it processes account for the majority of DOD travel.<sup>1</sup>

We also collected data from the Defense Finance and Accounting Service (DFAS) on travel payments made in DTS that were identified as improper, as well as data on the dollar amount of those improper payments that were estimated to result in a monetary loss to the government. We discussed with DFAS officials the methodology that they used to estimate both the improper payment amounts and the portions of those amounts that were estimated to be monetary losses to the government. To assess the reliability of the data we obtained, we reviewed corroborating documentation, analyzed the data for inconsistencies, and interviewed service officials about the reliability of the data. We determined that the data were sufficiently reliable for our reporting purposes, which were to determine the amount of DOD's DTS travel payments and to provide insight into the estimated improper travel payment amounts that the department reported for fiscal years 2016 through 2018. However, we also determined that, based on persistent problems with DOD's improper payment estimates that we and the DOD Inspector General have reported

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<sup>1</sup>In fiscal year 2018, for example, travel vouchers processed in the Defense Travel System (DTS) accounted for 83 percent of all travel payments.

since 2013, these data were not sufficiently reliable for other purposes, such as determining the specific progress DOD has made in reducing its rates of improper travel payments.<sup>2</sup>

To address our second objective, we reviewed documents and met with officials to discuss DOD's implementation of its Remediation Plan. We also conducted a web-based survey of officials at DOD components. We administered the survey from February 4 through March 29, 2019, soliciting information on the extent to which components had implemented the Remediation Plan, steps the components had taken to address improper travel payments, the types of issues that frequently lead to improper travel payments, and challenges associated with reducing improper travel payments. We sent this survey to 52 components, 37 (71 percent) of whom responded.<sup>3</sup> More specifically, 9 of 10 (90 percent) components represented on the Senior Accountable Official (SAO) committee<sup>4</sup> (SAO components) responded and 28 of 42 (67 percent) components not represented on the SAO committee (non-SAO components) responded.<sup>5</sup> The survey results represent the views of only those components that responded and may not be generalizable to

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<sup>2</sup>GAO, *DOD Financial Management: Significant Improvements Needed in Efforts to Address Improper Payment Requirements*, [GAO-13-227](#) (Washington, D.C.: May 13, 2013); Department of Defense, Office of Inspector General Report No. DODIG-2013-054, *DOD Efforts to Meet the Requirements of the Improper Payments Elimination and Recovery Act in FY 2012* (March 13, 2013); Report No. DODIG-2016-086, *DOD Met Most Requirements of the Improper Payments Elimination and Recovery Act in FY 2015, but Improper Payment Estimates Were Unreliable* (May 3 2016); Report No. DODIG-2017-078, *The DOD Did Not Comply With the Improper Payment Elimination and Recovery Act in FY 2016* (May 8, 2017); Report No. DODIG-2018-115, *DOD FY 2017 Compliance With the Improper Payments Elimination and Recovery Act Requirements* (May 9, 2018); and Report No. DODIG-2019-087, *Audit of the DOD's FY 2018 Compliance With the Improper Payments Elimination and Recovery Act Requirements* (May 15, 2019).

<sup>3</sup>We initially sent the survey to 55 components but later determined that 3 of them had either been dissolved or subsumed into other components we surveyed. We determined these 3 to be out of scope and removed them from the overall population. We only included components' partial responses if the official completing the survey indicated that we could do so—of the 3 components that did not fully complete the survey 1 responded to us that we could use the partial responses in our analysis.

<sup>4</sup>According to Department of Defense (DOD) officials, DOD established a Senior Accountable Official Committee (SAO committee) with SAOs from 10 of the components to monitor the implementation of the Remediation Plan's requirements.

<sup>5</sup>The SAO committee included SAOs from three components in advisory or leadership roles—we categorized these as non-SAO committee components for the purpose of our survey analysis, because DOD officials told us that they were not expected to complete the Remediation Plan requirements.

all components. The results of our survey provide measures of component officials' views at the time they completed the survey in February and March 2019. Please see appendix I for a list of the 52 components we contacted.

We selected the population of DOD components to survey by applying the following criteria: (1) the component was a military service or joint command, (2) the component was identified as a defense agency or field activity in our prior work,<sup>6</sup> (3) the component was identified as processing DTS vouchers in prior DODIG work,<sup>7</sup> or (4) the component was represented on DOD's SAO committee as part of the implementation of DOD's Remediation Plan. Because we surveyed all DOD components that met any of the selection criteria we identified, the survey did not involve sampling errors. A social science survey specialist designed the questionnaire in collaboration with analysts who had subject matter expertise. To minimize non-sampling errors, and to enhance data quality, we employed recognized survey design practices in the development of the questionnaire and in the collection, processing, and analysis of the survey data. To minimize errors arising from differences in how questions might be interpreted and to reduce variability in responses that should be qualitatively the same, we conducted pretests with six components. To ensure that we obtained a variety of perspectives on our survey, we selected an equal number of SAO and non-SAO committee components with which to pretest the survey. The SAO committee components were the U.S. Army, the U.S. Air Force, and the U.S. Marine Corps. The non-SAO committee components were the Defense Media Activity, the Defense Acquisition University, and the Defense Commissary Agency. An independent survey specialist within GAO also reviewed a draft of the questionnaire prior to its administration. To reduce nonresponse, another source of non-sampling error, we followed up by e-mail and phone with officials who had not responded to the survey to encourage them to complete it. The verbatim wording of key survey questions whose results are discussed in this report is below:

**How familiar are you, in responding to this survey on behalf of the #COMPONENT, with DOD's Travel Pay Improper Payments Remediation Plan (dated October 1,**

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<sup>6</sup>GAO, *Defense Management: DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities*, [GAO-18-592](#) (Washington, D.C.: Sep. 6, 2018).

<sup>7</sup>Department of Defense, Office of Inspector General Report No. DODIG-2016-060, *DOD Actions Were Not Adequate to Reduce Improper Travel Payments* (Mar. 10, 2016).

**2016), if at all?** (Response options provided: Checkboxes labeled “Very familiar,” “Moderately familiar,” “Slightly familiar,” “Not at all familiar,” and “No opinion/no response.”)

**Has a lead entity in the #COMPONENT been designated for implementing DOD’s Travel Pay Improper Payments Remediation Plan (dated October 1, 2016) requirements?** (Response options provided: Checkboxes labeled “Yes, an office has been designated the lead for this effort,” “Yes, a person has been designated the lead for this effort,” “No entity has been designated to lead implementation requirements,” and “Don’t know”)

**Has the #COMPONENT designated in writing a Senior Accountable Official (SAO)?** *(An SAO is a Senior Executive Service member, general officer, or flag officer designated by a component as responsible for reducing improper payments.)* (Response options provided: Checkboxes labeled “Yes,” “No, but my component is represented by an SAO in another component or organization,” “No,” and “Don’t know.”)

**As of today, has the #COMPONENT Senior Accountable Official (SAO) completed each of the following actions specified in the Remediation Plan? If yes, what was the date the #COMPONENT SAO completed the action?** *Note: the actions listed here are stated exactly as specified in DOD’s Travel Pay Improper Payments Remediation Plan.*

[Action]

- **Has the #COMPONENT completed this?** (Response options provided: Checkboxes labeled “Yes,” “No,” and “Don’t know.”)
- **If yes, what was the *month* the #COMPONENT completed the action?** (Response option provided: one text box.)
- **If yes, what was the *year* the #COMPONENT completed the action?** (Response option provided: one text box.)

**Has the #COMPONENT completed any of the following actions?**

**Review Defense Finance and Accounting Service (DFAS) reports on improper travel payments.** (Response options provided: “Yes,” “No,” “Not applicable (do not receive DFAS reports),” and “Don’t know.”)

**Have representatives of the #COMPONENT attended the quarterly Senior Accountable Official (SAO) meetings since they were first held in January 2017?** *An SAO is a Senior Executive Service member, general officer, or flag officer designated by a component as responsible for reducing improper payments.* (Response options provided: “Yes, a representative of our component attended all of the meetings,” “Yes, a

representative of our component attended some, but not all, of the meetings,” “No, a representative of our component has never attended an SAO meeting,” and “Don’t know.”)

**Has the #COMPONENT received a copy of the official minutes of the quarterly Senior Accountable Official (SAO) meetings since they were first held in January 2017?** (Response options provided: “Yes, our component received a copy of the minutes for all of the meetings,” “Yes, our component received a copy of the minutes for some, but not all, of the meetings,” “No, our component has not received a copy of the minutes for any of the SAO meetings,” and “Don’t know.”)

**Has the #COMPONENT taken steps to identify the root causes of voucher errors that led to improper travel payments in fiscal year 2018?** *Note, for the purpose of this question we define root causes as “the reasons personnel made errors preparing or approving vouchers,” including but not limited to: travelers were insufficiently trained on voucher preparation, approvers did not have sufficient time to review vouchers, and/or Defense Travel System was not effectively designed to process vouchers.* (Response options provided: “Yes,” “No,” and “Don’t know.”)

**What are some examples of root causes of voucher errors that the #COMPONENT identified in fiscal year 2018?** (Response option provided: one text box.)

**Has the #COMPONENT taken steps to address any identified root causes of voucher errors that led to improper travel payments in fiscal year 2018?** (Response options provided: “Yes,” “No,” and “Don’t know.”)

**What steps have been taken by the #COMPONENT to address the root causes of voucher errors that led to improper travel payments in fiscal year 2018?** (Response option provided: one text box.)

Because the majority of survey respondents did not provide open-ended responses to each question, we did not conduct a formal content analysis of the responses. We determined that the open-ended responses would not be representative of all components that responded to our survey, and we therefore present them only as illustrative examples. To analyze open-ended comments provided by those responding to the survey, GAO analysts read the comments, jointly developed categories for the responses, and flagged relevant responses for inclusion in this report.

To address our third objective, we reviewed DOD’s Remediation Plan, documents related to DOD’s implementation of the Remediation Plan, such as the minutes of SAO committee meetings, and the June 2018 *DOD Improper Payments Senior Accountable Officials Steering Committee Charter*. In addition, we met with DOD and component

officials to discuss efforts to identify and address root causes of improper travel payments and conducted a web-based survey of travel administrators in 52 DOD components (summarized above) to obtain information on their efforts to identify and address the root causes of improper travel payments. We compared the information we obtained with OMB guidance on how agencies are to identify and address the root causes of improper payments,<sup>8</sup> as well as the definition of root cause contained in the template DOD uses for corrective action plans intended to address improper travel payments.<sup>9</sup>

We conducted this performance audit from April 2018 to August 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>8</sup>OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, *Requirements for Payment Integrity Improvement* (June 26, 2018).

<sup>9</sup>Office of the Under Secretary of Defense (Comptroller), *Improper Payments: General Guidance and Best Practices for CAP Development* (April 2018).



# Appendix III: Comments from the Department of Defense



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

JUL 31 2019

Ms. Elizabeth Field  
Acting Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Field,

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report GAO-19-530, "Defense Travel: DoD Should Strengthen its Ongoing Actions to Reduce Improper Travel Payments," dated June 26, 2019 (GAO Code 102799). Enclosed are our responses to the recommendations directed to the Secretary of Defense and the Under Secretary of Defense (Comptroller)/Chief Financial Officer.

My office has taken the following actions over the last three years to prevent and reduce improper payments in the Travel Pay program: (1) chartered the Improper Payments Senior Accountable Officials Steering Committee; (2) collaborated with the Defense Finance and Accounting Service to develop and report monthly metrics on improper travel payments; (3) supported improved control modifications to the Defense Travel System; and (4) developed a collaborative corrective action plan, adopted and endorsed by the DoD Components. Our actions are ongoing and will be adjusted using lessons learned. They have resulted in the Department meeting its Travel Pay improper payments goal for the first time in fiscal year 2018. My office welcomes collaboration with your team to ensure our efforts are synchronized to produce substantive, sustainable, and value-added program improvements.

We appreciate the opportunity to review and comment on the GAO draft audit report. My staff point of contact for this performance audit is Mr. Brian J. Banal. He can be reached at [brian.j.banal.civ@mail.mil](mailto:brian.j.banal.civ@mail.mil) or 703-571-1652.

Sincerely,

Mark E. Easton  
Deputy Chief Financial Officer

Enclosure:  
As stated



**GAO DRAFT REPORT DATED JUNE 26, 2019  
GAO-19-530 (GAO CODE 102799)**

**“DEFENSE TRAVEL: DOD SHOULD STRENGTHEN ITS ONGOING ACTIONS TO  
REDUCE IMPROPER TRAVEL PAYMENTS”**

**OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) (OUSD(C))  
RESPONSES TO THE GAO RECOMMENDATIONS**

**RECOMMENDATION 1:** The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) revise the approach for selecting components to implement the Travel Pay Improper Payments Remediation Plan to consider available improper payment data in addition to the amount of travel payments of DoD components.

**OUSD(C) RESPONSE:** Non-concur. OUSD(C) focused implementation of its remediation efforts on 10 components that accounted for approximately 95 percent of the Department’s travel pay disbursements in the Defense Travel System (DTS). Using this approach, OUSD(C) achieved maximum coverage of travel payments given its time and resource limitations. Furthermore, the travel improper payment metrics generated and reported by the Defense Finance and Accounting Service (DFAS) supported this approach as they disclosed that the Services, which accounted for 92 percent of the DTS travel payments, also accounted for the majority of improper travel payments. With that said, corrective actions will be shared with all components’ travel communities.

**RECOMMENDATION 2:** The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) expedites completion of the remaining Travel Pay Improper Payments Remediation Plan requirements by establishing milestones for the requirements, monitoring whether the components have completed them on time, and holding components accountable to completing the requirements.

**OUSD(C) RESPONSE:** Partially Concur. OUSD(C) will expedite completion of the Travel Pay improper payments remediation plan requirements for the six components that have not yet completed them. Specifically, OUSD(C) will establish milestones for the remaining requirements, monitor their progress, and hold components accountable for their completion. As discussed above, detailed oversight beyond the largest components is not cost-effective. With that said, the DoD Improper Payments Senior Accountable Officials (SAO) Steering Committee will continue to monitor the 5 percent of non-SAO components and their impact on overall travel improper payments. Estimated completion date is January 31, 2020.

Enclosure

**RECOMMENDATION 3:** The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) establishes a mechanism to share the results of the SAO committee's initiatives to reduce improper travel payments with all appropriate travel management officials across the department.

**OUS(D) RESPONSE:** Concur. OUS(D) will coordinate with DFAS and the Defense Travel Management Office (DTMO) to establish a mechanism to share the meeting minutes of the DoD Improper Payments SAO Steering Committee with all appropriate travel management officials across the Department. Estimated completion date is October 31, 2019.

**RECOMMENDATION 4:** The Secretary of Defense should ensure that the Under Secretary of Defense (Comptroller) takes action to ensure a common understanding of the concept of root cause across the department. This could be done by, among other actions, revising the Financial Management Regulation or the charter for the DoD Improper Payments SAO Steering Committee to include a definition of the term, and including a definition of the term in the mechanism used to share the results of the SAO committee's initiatives to reduce improper travel payments with travel management officials across the department.

**OUS(D) RESPONSE:** Concur. OUS(D) has already taken action to ensure a common understanding of the concept of root cause across the improper payments reporting components by including a comprehensive definition of root cause in the corrective action plan (CAP) template for improper payments. However, OUS(D) will further clarify the definition of root cause and/or provide examples of possible root causes in the next update to the DoD Financial Management Regulation, Volume 4, Chapter 14, "Improper Payments." Moreover, as part of the Department's ongoing financial statement audits, the concept of root cause will be reinforced by external auditors through their testing and review resulting in the improved identification of true root causes and development of more effective CAPs. Estimated completion date is January 31, 2020.

**RECOMMENDATION 5:** The Secretary of Defense should ensure that the DoD Deputy Chief Financial Officer directs the chairs of the SAO Committee, with the input of OUS(D) (Comptroller), DTMO and DFAS, to provide guidance to the components on how to determine if actions that would address root causes are cost-effective to implement.

**OUS(D) RESPONSE:** Partially Concur. OUS(D) will revise the improper payments CAP template to require reporting components to perform a cost-benefit analysis to determine the best or most cost-effective solution, resulting in savings to the Department. However, OUS(D) will not provide specific steps to the components on how to determine whether their actions are, in fact, cost-effective to implement. The criteria and/or appropriate steps to determine whether corrective actions are cost-effective for a component must be identified and agreed upon internally within the component. Estimated completion date is October 31, 2019.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Elizabeth Field, (202) 512-2775 or [FieldE1@gao.gov](mailto:FieldE1@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Matthew Ullengren (Assistant Director), Vincent Buquicchio, Christopher Gezon, Foster Kerrison, Jill Lacey, Joanne Landesman, Rob Letzler, Kelly Liptan, and Michael Silver made key contributions to this report.

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Washington, DC 20548

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## Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707  
U.S. Government Accountability Office, 441 G Street NW, Room 7814,  
Washington, DC 20548



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