



# **Report of the Department of Defense Task Force to Reengineer Travel**

**January 1995**

**Department of Defense  
Washington, D.C.**

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## EXECUTIVE SUMMARY

Most of us who travel on behalf of the Department of Defense (DoD) have become accustomed to burdensome paperwork, to massive inconvenience, to puzzling over allowable expenses, to floating personal loans to the Government, and to waiting forever for reimbursement. In recent years, it has become apparent that the complex travel “system” that visits these costs and indignities on the traveler (ostensibly to ensure that travel funds are not wasted) also imposes exorbitant administrative costs on the Department. Some of those costs have become increasingly visible--and therefore of increasing concern--in recent years, while others remain hidden, as travelers spend countless hours doing paperwork and waiting in line. Finally, rigid travel rules occasionally interfere with the accomplishment of a unit’s mission

Concerned about these costs and inconveniences, the senior officials of the Department of Defense with responsibilities for pieces of the travel system<sup>1</sup> established a DoD Task Force to Reengineer Travel, and charged the Task Force to “create a fair and equitable temporary duty travel system for all DoD organizations” that will:

- meet operational mission requirements,
- improve service to the customers of the system, and
- reduce overall cost to the Government.

The Task Force conducted an extensive outreach effort, meeting with numerous stakeholders and providers and with groups engaged in travel reengineering within the Department, elsewhere in Government, and in the private sector. We also met, twice, with focus groups in Washington and at major installations of each of the four Services--over 400 customers and providers in all. Questionnaires administered to the focus groups provided additional data for quantitative analysis. That work provides the basis for the Task Force’s findings and for this report.<sup>2</sup>

### FINDINGS

The *symptoms* of the problem are clear: a system that is expensive, not customer-oriented, and indeed not mission-oriented. The *diagnosis* of the problem requires probing

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<sup>1</sup> The Undersecretary of Defense (Acquisition and Technology), the Undersecretary of Defense (Comptroller), the Undersecretary of Defense (Personnel and Readiness), and the Director of Administration and Management.

<sup>2</sup> The Task Force developed a clear, consensus view of the problem and of the outlines of the appropriate solution. This Executive Summary provides that view. The body of the Task Force’s report contains extensive illustrative details. Not all members of the Task Force agree on all those details, or necessarily on the relative emphasis accorded different aspects of the solution. See minority views in Appendix B.

beyond these manifestations to their causes. The Task Force found three principal causes of the current situation:

- Current travel policies and programs focus on compliance with rigid rules rather than on performance of the mission. Checks and safeguards against abuse of travel funds are added on, rather than built in, to processes and are disproportionate to the exposure to abuse. Indeed, current mechanisms are unlikely to uncover the major sources of abuse (such as unnecessary trips). The compliance mindset appears based in a view of travel as a perquisite, rather than as essential to carrying out the Department's mission.
- Current Department travel practices are outmoded. Private sector business practices for travel have evolved significantly in the last two decades, but those developments are not reflected in the Department's practices.
- The current travel system is not integrated. Responsibilities for travel at all levels of the Department are fragmented and "stovepiped" within separate functional communities. Severely "stovepiped" administrative processes drive up cost, impede mission accomplishment, and burden customers. System integration is performed by the traveler who carries paperwork from one function to the next.

To make travel work better and cost less, the Task Force found that the Department must attack *each* of these causes. To do so requires the Department to adopt an approach to travel fundamentally different than it has in the past--and, indeed, different than the traditional Government approach to travel. The Department must:

- Change the philosophy of travel: Manage travel as *mission support*, not as an end in itself. Treat the traveler and commander as *responsible professionals* and as *honest customers* of the travel system, not as presumed incompetents or criminals, and treat the commander as a *responsible manager*.
- Adapt and standardize best business practices from Government and the private sector. We identified a number of such practices, found that their efficacy is widely accepted, and concluded that they can be readily applied to the Department's operations. We should provide incentives for individuals and organizations to adopt those practices, rather than dictating mindless compliance. As part of this process of modernization, we should build accountability into the system, rather than adding it on after the fact, as we do today.
- Change the system. The central task is to redesign and reengineer the *travel delivery system*, so that it meets the needs of the mission, the traveler, the commander, and the taxpayer. In designing that system, we should embed both the new philosophy and the best business practices. Ultimately, a system

can use technology as an enabler for simplification and better control, but progress need not await automation: the system should be reengineered first, then automated. As we reengineer the system, we should also rationalize, simplify, and articulate *policies* consistent with an overall systems view. To do so will require a degree of *coordination* unprecedented in the Department.

This approach motivates our specific recommendations.

## **RECOMMENDATIONS**

In conducting our study and in developing our recommendations, the Task Force solved no mysteries and devised no magical solutions. Rather, we have gathered the best ideas that others have developed, tried, and proved. The Task Force's recommendations for making travel in DoD work better and cost less entail four steps: (1) laying the groundwork for system reform, (2) creating building blocks for an improved system, (3) assembling the building blocks into a system, and (4) implementing the system in the field. Transition plans in the report suggest specific responsibilities and milestones for these steps.

### **1. Lay the Groundwork for System Reform**

Three closely related concepts are key to the success of what we propose:

- *Simplify and articulate entitlements.* Current entitlements are based on a system of rigid rules keyed to the status of the traveler. To prevent hardship to the traveler, current entitlements include a vast array of exceptions (Service-specific as well as Department-wide) designed to cover all foreseeable circumstances. The resulting body of rules is complex, and difficult for the layman to discover and to understand. This complexity makes more difficult both automation and implementation of our other recommendations. We recommend replacing this system of entitlements with one that is based on simple rules and standard arrangements that focus on mission support (and determine what a trip "should cost" the Government). The rules should be determined by the nature of the travel (business, training, or operational) rather than the traveler. The goal is to articulate entitlements policy in fewer than 20 readable pages. The commander who is responsible for the mission, for the budget, and for the traveler is in the best position to determine when exceptions are appropriate. Therefore we recommend vesting in the travel authorizing official the discretion to waive those rules or arrangements (within clearly defined limits) when the authorizer determines such a waiver to be in the interest of the Government. Providing adequate displays and useful management information are essential to the success of this approach. Finally, we recommend severely limiting the degree to which Services may add complexity by supplementing those streamlined regulations.

- *Provide the travel authorizer and the traveler an accurate estimate of what the proposed trip “should cost”. Use single-source data entry starting with the authority to travel as the basis for reimbursement, and automate the process.* With simplified entitlements and a full-service Commercial Travel Office (CTO), the CTO should be able to provide, at the time reservations are made, an estimate of what the trip “should cost” using standard arrangements.<sup>3</sup> Supervisor approval of the trip would constitute approval of the “should cost” estimate (or of a waiver of standard arrangements and therefore of cost) as well. That estimate should be provided to the traveler, so that he or she may plan expenditures accordingly.
- *Simplify accounting.* Travel accounting must be simplified and made more accurate by funding all or as much travel as possible at the organizational level and using one element of expense. Current accounting systems are not capable of providing management-level data, yet the attempt to do so overloads the accounting systems. Data from travel cards and the travel office arranging travel will provide better management information at lower cost.

## **2. Create Building Blocks**

Our survey of Government and the private sector identified several “best in class” practices to carry out the five basic functions of travel (authorization, arrangement, payment, execution, and reconciliation) and to ensure accountability. The Task Force recommends adoption of the following basic building blocks of a reengineered travel system:

### **Authority**

- *Adopt a single, standard piece of paper* to take the place of orders, itinerary, vouchers and other current forms (until DoD moves to a fully automated, paperless environment.) The itinerary currently produced by the commercial travel office already contains the dates and arrangements for travel, personal and organizational information, and source of funds. The Task Force recommends building on that basis to include disclosure of entitlements (the “should cost” estimate) and (often redundant) information currently included on the other forms. This will permit single entry of data and significantly reduce processing costs.
- *Align funding authority with authority to direct travel.* The commander or supervisor responsible for the mission, the budget, and the traveler is in the

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<sup>3</sup>Note that, as a practical matter, the bulk of allowable expenditures should be knowable at the time reservations are made: air fare (using government-contracted rates), rental cars when authorized (at Government-contracted rates), lodging (reimbursable at the lesser of actual cost or local per diem rates), and meals and incidental expenses (reimbursed at a local per diem rate). Industry data suggest that these categories account for 92 percent of all reimbursable expenses.

best position to determine the appropriateness of travel and travel arrangements. Fund control responsibility should be delegated to the lowest practical level, and authority to obligate funds given to the commander or supervisor approving travel.

### Arrangements

- *Require that contract Commercial Travel Offices provide a full range of quality services, and require travelers to use the CTO for all arrangements.* We recommend standardized specifications for contracts with CTOs, to require the provider to offer a full range of services, to make those services available around the clock (through a 1-800 number), and to perform to quality standards. Once improved contracts are in place, we recommend requiring the traveler to use the CTO to make all reservations, including not just air transportation but rental cars and lodging (including lodging in Government quarters) as well. Using the CTO for all arrangements provides the traveler “one-stop shopping”, facilitates provision of standardized arrangements, provides better management information, permits pre-trip controls, and should lead to increased sharing of commissions.
- *Consolidate CTO contracting efforts among the DoD Services and agencies under a single procurer of travel.* The travel business is a very technical and rapidly changing one, and we need to have a single proponent who can remain current with changes in the industry to ensure DoD can maintain an effective no-cost system for official travel. A single procurer of travel would allow problems to be “fixed” once, and would further reduce the number of personnel needed to administer travel contracts.<sup>4</sup>
- *Do not require use of Government quarters and messing for business travel.* Regulations designed to keep Government facilities full can interfere with mission effectiveness for travel that is not related to deployment or training. The Task Force recommends allowing the commander or supervisor authorizing travel discretion to require a traveler to use Government quarters (rather than requiring the use of Government facilities regardless of mission or circumstance).<sup>5</sup>

### Payment

- *Maximize the use of the Government-sponsored, contractor-issued individual travel (charge) card.* Widespread card use offers numerous advantages to the Government: potential for vastly improved management information, improved

<sup>4</sup> The Task Force did not achieve consensus on this recommendation. See Appendix B.

<sup>5</sup> This recommendation would require legislation. The Task Force has drafted a legislative proposal to this end.

cash management, reduced problems with unmatched disbursements, reduced need to recover overpayments of travel advances, and increased opportunity for shared commissions or rebates. The card can also be advantageous to the traveler, by reducing the need to carry large amounts of cash, providing some insurance protection, potentially using card company electronic records in lieu of paper receipts and, ultimately, reducing “float to the Government” through timely electronic fund transfer (EFT) reimbursement direct to the card company. Despite the card’s many potential advantages, availability has been limited by policy and acceptance has been severely limited by fear of abuse and by reimbursement long after the bill comes due. None of these impediments is insurmountable. The success of efforts currently underway to improve card system management, coupled with rapid reconciliation and split disbursement to the card company and the traveler, are essential to removing objections to wider card use.

### Execution

- *Empower travelers, commanders, and CTOs* to change arrangements during the course of the TDY. Ideally, a traveler should be able to call the CTO’s 24-hour help line, speak with a representative familiar with both the original itinerary and the Government’s simplified travel policy, and make any changes at once. The supervisor’s approval of the travel expense report would suffice to support reimbursement.
- *Do not require travelers to obtain paper “nonavailability” statements.* Even when Government quarters are known at the time of arrangement not to be available, the traveler must physically visit a billeting office to obtain a piece of paper testifying to that fact. This is the most pointlessly burdensome rule the Task Force encountered. If mission requires the use of Government quarters yet none are available, we recommend simply obtaining a confirmation number at the time trip arrangements are made.

### Reconciliation

Simplified entitlements, simplified accounting, the use of “should cost” estimates, and a single piece of paper should, by themselves, greatly simplify and accelerate the reconciliation process. In addition, we recommend:

- *Authorize the supervisor who approves the travel to approve the travel voucher.* Arrangements, itinerary, and basic entitlements should be established at the outset, with the “should cost” estimate. Simplified entitlements, a user-friendly presentation, and provision of management information are necessary to permit supervisor approval of the travel voucher.

- *Simplify and minimize receipt requirements.* The receipt threshold should be raised to \$75. The receipt review and retention process should stop with the supervisor's approval of the travel. An electronic record of charge to the Government travel card should suffice in lieu of paper receipts. Receipt retention should be no more than that required by the Internal Revenue Service (e.g., three years rather than the current six)<sup>6</sup>.
- *Use Electronic Fund Transfer with split disbursement to the card company and the traveler.* The traveler should have the option to elect to have the Government pay the card company directly for authorized charges with the residual expenses remitted to the individual. Ideally, big-ticket items would be disbursed directly to the card company in a timely fashion, so that the traveler would never receive a large unpaid bill for expenses incurred on behalf of the Government.

### Accountability

- *Embed accountability throughout the system.* Build controls into each stage of the process, taking advantage of the leverage offered by simplified entitlements, automation, and enhanced management information based on CTO and card data. Minimize after-the-fact compliance audits.
- *Use random audits rather than extensive third-party review of each voucher.* The current system achieves accountability through the use of extensive third-party review of the voucher. The system is extremely labor-intensive; the resulting workload is exacerbated by complicated entitlements which tend to be a mystery to the traveler, who learns by trial and frequent error. Yet the system does not easily catch the larger abuses (such as unnecessary trips). Embedded controls, coupled with robust management information backed up by random audits, should actually yield stronger controls at significantly reduced cost.

### **3. Assemble the Building Blocks into a System.**

As noted above, simplified entitlements and accounting are key to accelerating reconciliation and to a number of the reforms we propose. Additional key elements in assembling the building blocks so that they *work together* in a system are:

- *Use single-source data entry starting with the authority to travel as the basis for reimbursement, and automate the process.* The simplified entitlements, coupled with the use of CTO to make all major arrangements, will permit estimation at the outset of the amount the trip "should cost" the Government.

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<sup>6</sup> Random audits should be conducted in a timely fashion (say 60 days after completion of the trip and submission of the voucher), so there should be no practical reason to retain receipts longer than six months.

This “should cost” estimate, reflected on a single piece of paper, will provide the mechanism that links the building blocks for any individual trip.

- *Use data from the CTO and the card company to develop management information systems.* Existing data systems maintained by CTOs and the card company provide levels of detail, automation, and utility not currently available in the Government’s accounting systems. These sources should be tapped to create management information systems to provide commanders and managers the information (which they do not now have) necessary to make appropriate travel expenditure decisions and to monitor travel expenditures. Software packages exist.
- *Establish a Transition Team to coordinate development of travel policies and programs and to ensure that implementation is scheduled and coordinated.* Part of our diagnosis is that responsibilities are fragmented and stovepiped; therefore it is not surprising that the system is not integrated, and that the parts do not work together. This implies the need for strong coordination mechanisms.

#### **4. Implement the System in the Field**

The Department has thousands of units and installations, and hundreds of accounting systems. Thus any system we develop must be flexible enough to be implemented in a variety of settings and attractive enough to encourage adoption. In effect, each installation will have to perform some degree of system integration in its unique environment. Experience has shown the need to test the implementation and integration of the system in the field. Accordingly, we recommend:

- *Implement policy initiatives in “critically matched sets.”* Many of the “best business practices” we recommend, taken in isolation, would *shift* costs from one function to another (principally from finance organizations to operators<sup>7</sup>). The Task Force recognized this, and went to some trouble to create win-win situations: “critically matched sets” of reforms that offer implementers tangible benefits to *more than compensate* for the very real new costs that they will incur (and that they know they will incur) as a result of the reforms we propose. Implementation in “critically matched sets” is essential if these reforms are to be acceptable in the field. Once again, a strong message of integration--and a strong Transition Team to help achieve *balanced* implementation--are essential if this reengineering is to work.
- *Use the Transition Team to coordinate tests of the system at prototype installations in the field.* Actual implementation of the system will be done at units and installations managed by the Services and Defense Agencies. Testing

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<sup>7</sup> Other recommendations would shift workload to the commercial travel offices and to the card company.

in diverse environments and feedback of lessons learned to other installations, and feedback to policy, are essential.

## **MAKING REENGINEERING HAPPEN**

Over the years there have been many efforts to improve or reform travel, but success has been local or limited. The Task Force has identified a number of key elements that would be the “best in class” if implemented, and recommends that the Department undertake those initiatives. But creating the individual building blocks is not enough; our conversations with reengineering experts convince us that substantial energy will be required to assemble those building blocks into a system that works as a whole, that can be applied in the thousands of units and installations that administer travel, that can interface with hundreds of accounting systems, and that can find acceptance with those who must implement the reforms.

We believe the key to successful coordination, testing, and implementation is a strong Transition Team, and recommend establishing such a team and tasking it to coordinate (1) policy directives, to ensure consistency with our overall strategy, phased implementation of “critically matched sets,” and aggressive pursuit of our reengineering goals; (2) testing of prototype applications at Service installations, ensuring both dissemination of lessons learned and feedback to policy; (3) application of reengineered travel in the Services; (4) development of management information systems; and (5) the Department’s responses to interagency efforts to reengineer travel.

The blueprint for travel reengineering presented in this report is achievable and, when implemented, will yield significant benefits to travelers, to commanders, and to the taxpayer. They deserve no less.

## **Part I**

# **FINDINGS AND RECOMMENDATIONS**

## Chapter 1 Background, Approach, and Outreach

### Background

The primary Department of Defense (DoD) mission is to provide for the common defense of the United States and its interests worldwide. Operations in support of that mission include over 3.4 million people: 1.6 million active military personnel, 1 million reserve personnel, and 850,000 civilian employees. Our operations are global. DoD operates a base structure of 565 installations in 50 states, 2 U.S. territories, and 19 foreign countries. About one-third of active duty personnel are stationed outside the United States.

DoD missions require that personnel frequently travel away from their home stations. Effective operations require rapid movement of forces to places such as Haiti, Kuwait, and Somalia. Training requires individuals as well as units from different locations and with different duties to participate in both joint exercises and classroom instruction. Support of complex operations depends on effective interaction with the educational, research, industrial, military and political communities at all levels, and on an international scale.

DoD personnel filed 8.2 million temporary duty (TDY) travel vouchers in FY 1993. There are widespread expectations that DoD travel can "work better and cost less." However, broad change requires senior level orchestration. In June 1994, senior DoD leadership initiated a review of the entire TDY network using a "clean sheet of paper" approach. The Under Secretaries for Acquisition and Technology (A&T), Comptroller, and Personnel and Readiness (P&R), and the Director of Administration and Management chartered a DoD Task Force to Reengineer Travel to examine the TDY travel process throughout the Department and "...develop a fair and equitable temporary duty travel system for all DoD organizations" (Figure 1). The policy objectives were to:

- meet the operational mission requirements of the Department,
- improve service to the customers of the system, and
- reduce overall cost to the Government.

Task Force membership provided expertise in all aspects of the Department's TDY travel system (see Figure 2).



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1000

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARY OF DEFENSE FOR POLICY  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: DoD Task Force To Reengineer Travel

Recent changes in the political and fiscal environment make this a particularly opportune time to conduct a comprehensive and systemic review of the DoD travel network. Accordingly we have created a "DoD Task Force to Reengineer Travel" and request your cooperation and support for this important initiative.

This reengineering effort will take a "fresh look" or "clean sheet of paper" approach as it evaluates and analyzes the entire travel network. Specifically, it will develop a fair and equitable temporary duty travel system for all DoD organizations. At a minimum the system must: (a) meet the operational mission requirements of the Department, (b) improve service to the customers of the system, and (c) reduce overall cost to the government. In evaluating and analyzing travel systems requirements the Task Force shall consider the views of customers and stakeholders of our travel system, as well as those who work within and manage the system.

The Task Force will thoroughly document all analyses and provide both a Strategic Plan (conceptual framework of system) and a Transition Plan (detailed program that will move organization toward objectives). In addition it will provide a new set of system specifications that will serve as the guidelines for proposed policy changes to all aspects of the travel system including, but not limited to the following: travel regulations, transportation policy, entitlements, process, metrics, terminology, automation, and legislation. We anticipate that the Task Force will be able to achieve the above objectives within the next ninety days.

We solicit your support in assisting the Task Force in their efforts and look forward to working with you to improve our current travel system. Mr. Nicolai Timenes, Jr. (703 697-8244) and Ms. Karen Alderman (703 697-8281) are assigned as co-chairs.

JUL 1 1994  
Under Secretary of Defense (P&R) Comptroller  
 JUL 07 1994  
Under Secretary of Defense (A&T) Director, Administration and Mgmt

Figure 1. "DoD Task Force to Reengineer Travel" Charter

## TASK FORCE PARTICIPANTS

### CHARTERING OFFICIALS:

Dr. Noel Longuemare, Under Secretary of Defense (Acquisition and Technology)  
Dr. John Hamre, Under Secretary of Defense (Comptroller)  
Dr. Edwin Dorn, Under Secretary of Defense (Personnel and Readiness)  
D. O. Cooke, Director of Administration and Management

### CO-CHAIRS:

Nicolai Timenes, Jr., Principal Director, Military Personnel Policy, USD(P&R)  
Karen Cleary Alderman, Director, Performance Measures and Results,  
USD (Comptroller)

DIRECTOR: Captain Stanley Walz, USCG, USCG Liaison Officer to USD(P&R)(MPP)  
(Compensation)<sup>1</sup>

### PARTICIPANTS:

COL Chuck Witschonke, USA (ret), USD(P&R)(MPP)(Compensation)<sup>2</sup>  
LTC Michael Burke, USA, HQDA(ODCSPER)(DAPE-MBB-C)<sup>3</sup>  
LtCol Jon Vetterlein, USAF, USD(P&R)(MPP)(Compensation/8QRMC)<sup>4</sup>  
MAJ Nona Mapes, USAFR, HQUSAF/LGTT<sup>5</sup>  
Jack Denslow, USD (Comptroller), Performance Measures and Results  
Bobbie Kelly, USD(P&R)(CPP)<sup>6</sup>  
Jim Wachter, USD(P&R)(CPP)(CPMS)<sup>7</sup>  
Kay Anderson-Hager, Headquarters, Military Traffic Management Command  
Jim Chittick, Headquarters, Defense Finance and Accounting Service  
Jim Craig, Headquarters, Defense Finance and Accounting Service  
Bill Larimer, NCF-14, Office of the Comptroller of the Navy<sup>8</sup>  
Nina Fountain, Per Diem, Travel and Transportation Allowance Committee

### FACILITATORS:

Kate Fenton, Atlantic Rim Group  
Mike LaVersa, Atlantic Rim Group<sup>9</sup>

Figure 2. Task Force Participants

<sup>1</sup> Departed Task Force in October

<sup>2</sup> Departed Task Force in July

<sup>3</sup> Joined Task Force in July

<sup>4</sup> Departed Task Force in September

<sup>5</sup> Joined Task Force in July

<sup>6</sup> Departed Task Force in October

<sup>7</sup> Joined Task Force in October

<sup>8</sup> Departed Task Force in September

<sup>9</sup> Departed Task Force in August

## **Approach**

The Task Force used business process reengineering methods throughout the effort. We adopted a quality management approach, which required a disciplined approach to meeting management, a clearly understood conceptual foundation for system improvement, and a willingness to think outside of commonly held perspectives.

Before envisioning an ideal travel system for DoD, the Task Force first had to understand the definition of an effective system, and then to thoroughly review the existing system and its many variations in application among the DoD Components. An effective system can be defined as a series of interrelated, interdependent elements that operate together to accomplish a specific aim. In an ineffective system, each element operates as if in a vacuum with little or no communication or understanding of the other elements, or of the resulting impact changes in one element will cause to the other(s).

The Task Force began by defining the essential elements of a Government travel system, without any one of which the system could not operate effectively. These essential elements were identified as: Authority, Arrangements, Payment, Execution, Reconciliation and Accountability. These are discussed in detail in Chapter 3. The team then identified customers, providers and stakeholders of our system, and what their needs were in a travel system; benchmarked against "Best in Class" practices in Government and industry travel systems; and examined numerous alternative practices to incorporate into DoD's new system design.

Early on in the project, the Task Force identified the paradigms that define the existing system. Those determined to primarily drive the complexity and costs in the current system are listed in Chapter 2. The Task Force then weighed those beliefs against the underlying assumptions required to drive an ideal travel system. The paradigms which must support the new system are discussed in detail in Chapter 4.

The Task Force put aside the old assumptions, mandates and prohibitions in order to design a system based on the new principles. We conducted an extensive outreach effort to solicit input from customers, those who work within the system, and from stakeholders on requirements, expectations, and definitions of quality in the essential elements of DoD's travel system. Alternatives to meet those requirements were considered, and a weighted factor matrix analysis was used to evaluate those alternatives. Detail of these analyses are included in the team's working papers. Finally, the team developed a strategic plan for the new system design, focused around the needs of the customers of the system (travelers and commanders/supervisors).

The Task Force partnered with the Council for Excellence in Government for assistance in shaping and marketing its efforts and in transition plan development, and with the National Security Agency (NSA) Travel Reengineering Team to validate findings and to exchange project information. The Task Force sought the advice of industry leaders who had successfully fielded new systems in their organizations in order to glean an understanding of what it will take to ensure success in implementing the reengineered travel system throughout the DoD Components.

## **Outreach**

The Task Force's outreach effort involved surveys and facilitated focus group sessions with travelers, travel authorizing or approving officials, operators of the system, and those who arrange and provide services within the system. Focus group participants were asked how the current system meets and does not meet their needs, and what must be incorporated in a new system design to meet their needs. Additionally, the Task Force met with process owners and stakeholders, both internal and external to DoD, to determine their needs in the new travel system design. That information formed the basis upon which the Task Force determined the symptoms and diagnosis of the problems of the current travel system, and the appropriate system design requirements and success criteria for the new system design from the users' points of views.

The Task Force consulted with various interest groups including several, internal and external to the Government, who are currently reengineering or automating their travel process. Detailed information exchanges were conducted with two DoD reinvention laboratories -- NSA's Travel Reengineering project and the Air Force 11th Support Wing's Travel Reinvention project (the latter is developing "Federal Automated System for Travel (FASTravel)" -- and with the Air Combat Command "Express Travel-Plus" project managers. A modified benchmarking process was conducted, using in part research accomplished in other ongoing reengineering and travel process improvement efforts. The team reviewed major studies, analyzed trends and innovations; and identified "Best in Class" themes in other agency and business travel systems and opportunities in the travel arena. The team then designed a strategic plan for a new travel system, combining what we considered a successful mix of best commercial practices. We validated that strategic plan with the original focus groups participants.

Once we were assured that customer needs would be met in the new system design, the team brainstormed the individual building blocks needed to build the system, the benefits of the overall strategy, the best approach for the Department to realize that solution, and a methodology for overcoming anticipated barriers to making this reengineering effort become a reality. Figure 3 lists the outreach conducted by the Task Force. Details of the outreach are documented in the Task Force's working papers.

## OUTREACH

### CUSTOMERS AND SYSTEM OPERATORS:

Focus Groups: Norfolk Naval Base  
Langley Air Force Base  
Fort Bragg  
Camp Lejeune  
Fort Belvoir  
Practice Run "Inside the Beltway"  
Senior Enlisted Leadership  
Military Associations  
Defense Partnership Council Working Group  
TRANSCOM  
Joint Staff  
USAREUR  
FORSCOM

### PROCESS OWNERS:

Internal:	PDTATAC	External:	GSA
	Transportation		State Department
	DoDIG		OMB
	DFAS		GAO
	Lodgings		
	Dining Facilities		
	DoD Components		

### PROVIDERS:

CTOs/Rental Car Companies	AMEX	Federal Software
GELCO	MOTEC	

### REINVENTION CONSULTANTS:

1981-1984 "Government Travel Simplification" Veterans  
DFAS (DTPS)  
Logistics Management Institute  
11th Support Wing (Air Force)  
National Security Agency  
American Express (CTI)  
Council for Excellence in Government  
Texas Instruments  
Bell Atlantic  
Joint Financial Management Improvement Group  
Federal Aviation Administration  
Department of Energy

Figure 3. Outreach Conducted by the Task Force

## Chapter 2 Our Current System

### System Findings

The current DoD travel system (Figure 4, located at the end of this Part ) was never designed to be an integrated system, nor is it treated as a system. It evolved over many years. Policies for the individual pieces of the current travel system are issued under the cognizance of three Under Secretaries:

- the USD(A&T) is responsible for policies on use of commercial and Government transportation; policies on booking arrangements through a travel office (contract and in-house), and policies on use of Government facilities (lodging and dining facilities) when performing TDY travel.
- the USD (Comptroller) is responsible for policies on payment for authorized travel expenses incurred in connection with TDY travel, to includes policies on issuance and use of the Government-sponsored, contractor-issued travel (charge) card, advances to travelers to pay for authorized travel expenses; and reimbursement to travelers.
- the USD(P&R) is responsible for TDY travel entitlements.

These policies are closely interrelated; yet, their development and implementation are often accomplished by the respective process owners in isolation. Coordination is in some cases loosely accomplished, but in most cases, not at all. Thus, the process is severely "stovepiped". There is no vehicle in the current structure to overcome this situation, as no one individual within the Department is specifically responsible overall for the TDY travel system.

Generally, the TDY travel-related policies issued by the respective Under Secretaries are implemented for the Department in the Joint Federal Travel Regulations (JFTR) for military and in the Joint Travel Regulations (JTR) for DoD civilian personnel, to include the TDY travel entitlements which support and are an outgrowth of those policies. The JFTR and JTR fall under the cognizance of the USD(P&R). DoD Components often further supplement JFTR/JTR provisions. This results in nonuniform treatment of travelers, and nonuniformity in overall policy application. Task Force focus group participants time and again stressed how confusing the travel system is to them--understandable rules was their top priority in a new system.

It appears that deeply ingrained paradigms, commonly shared across DoD and the Components, underlie the development of those policies within DoD. Many of the underlying paradigms we identified, drive the exceptional complexity in our travel system. They include:

- *we trust neither the traveler or the traveler's chain of command;*
- *since outsiders view travel as a luxury and not mission-essential, we should;*

- *if enough system regulations, controls, and checkpoints are put in place, we can stop fraud, waste and abuse;*
- *administrative controls and processes don't cost* (that is, since administrative costs, including lost productivity, are not visible, they are not significant);
- *the appearance of precision gives the appearance of control; and*
- *compliance with procedures is as important as mission accomplishment.*

These principles ensure our current process is not mission oriented, it is not customer oriented, and it is not system oriented.

While the current system by and large meets DoD operational goals, it does so at a price. The stovepiped administrative processes drive up cost, impede mission accomplishment, and burden customers, who ultimately are the ones who make the "system" work for them by personally ensuring the administrative requirements established by each of the process owners are met. The administration of travel under the current system is treated as an end in itself, rather than as a service to accomplish some larger mission. The Task Force's focus group participants related several stories describing how cumbersome, irritating, and illogical the current system can be for the customer:

- An air crew made an unexpected landing at an installation of another Service. The crew was the designated search and rescue aircraft for that sector of the U.S. coast. Officer and enlisted crew members were required to billet separately--the officers were lodged off base, the senior enlisted in transient quarters and the junior enlisted in open bay barracks on base. An emergency call came in at 0300, requiring all crew members to report immediately to the flight line. The junior enlisted members were late because they were locked in the open bay by a faulty door. After being extricated by the fire department, they were able to depart, but two hours late. The air crew eventually arrived on the scene of the emergency and found the vessel in distress, but no one was aboard anymore.
- An E-6 MP escorting three prisoners unexpectedly needed to rent a car because his plane arrived late at its destination and other ground transportation was unavailable. The E-6 could not rent a car without a credit card, which he didn't have. He was not authorized to have a Government travel card (because of his grade) and his wife had kept their family credit card. The E-6 had to wire his wife for \$250 to put down as a cash deposit for a rental car.
- In the aftermath of the disastrous plane crash at Pope AFB last year, a communications specialist was called at his TDY site by his commanding officer. He returned the call from a pay phone and proceeded by phone to support the set up of communications systems in response to the disaster. While he could do what it took to meet the mission, he couldn't

get what it took to get reimbursed for the \$60 phone bill he incurred -- an original receipt with proof from where he had made the call.

- A traveler filed a false claim for reimbursement for a fee (about \$2) for withdrawing money using the automatic teller machine (ATM) feature of the Government travel card. When the falsified claim was discovered, the Service's response was to issue new policy requiring all travelers filing for reimbursement for an ATM withdrawal fee to support the claim on their voucher with the supporting cash withdrawal receipt.

As these vignettes indicate, the current travel system doesn't always support the mission. We place great trust in our personnel to do the mission but the travel system doesn't impart that level of trust to reimburse the travel expenses they claim were incurred as a direct result of the mission. Maximum system controls, which create complexity and burdens for all, are put in place in response to relatively few incidents of noncompliance. We spend dollars chasing nickels. The rules are complicated, arrangements are difficult to make, and reimbursement is cumbersome and untimely. Customers are confused by the entire process.

The Task Force's outreach, research, and analysis led to a plethora of findings. Those specific to an essential element of travel (Authority, Arrangements, Payment, Execution, Reconciliation, and Accountability) are discussed in the chapter for that particular element. However, the team identified seven critical factors which relate to the system overall versus any specific element. These are the factors that we believe undermine the current system:

1. *The statutory and regulatory environment is complex.* DoD must comply with several different statutes, policies, and regulations for different types of travelers (civilian employees, officer and enlisted active and Reserve Component servicemembers), but at the same time develop a single set of rules and procedures. Preserving equity among these groups, who may be performing the same mission at the same time, is extremely complex, since the statutory base for each group differs. Civilian employees within the Department have their entitlements prescribed in Title 5, U.S. Code, as well as the Federal Travel Regulation (FTR) published by the General Services Administration (GSA), and implemented in DoD's Joint Travel Regulations (Volume 2). Additionally, the Department must adhere to the labor-management requirements in Title 5 to develop policies and procedures for civilian employees in partnership with national and local unions. Volume 1, Joint Federal Travel Regulations, implements portions of Title 37, U.S. Code, for uniformed members. Other statutes, such as tax laws, foreign assistance provisions, and commerce laws affect TDY travel, as do OMB Circulars, Executive Orders, decisions of the Comptroller General of the United States, and various DoD policies.<sup>1</sup> The complex statutory and regulatory environment DoD operates under for TDY travel both shapes and reflects DoD's current practice of characterizing travelers by status (officer, enlisted, civilian, with distinctions made within categories based on rank) rather than by mission.

2. *Elements of the travel system are fragmented.* Elements of travel are not treated or managed as an interconnected and interdependent system. Several different policy groups--

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<sup>1</sup> Our working papers provide a list of relevant statutes, regulations, and policies.

personnel entitlements, transportation, lodgings, messing, budget, and accounting and finance--drive the system, but as independent entities and stovepipes that operate in parallel from Under Secretaries of Defense down through installation level. Neither policy nor the system is integrated. More often than not, the individual traveler connects the parts of the system through time in line at many points. Nonstandard implementation by the Services fragments the system even further. For example, each Service and Defense Agency contracts for commercial travel services differently: the Army and Navy, by region, and the Air Force, by installation. Performance work statements for commercial travel offices (CTO) are not standard, leading to different levels of service and precluding cross-servicing of other Component travelers. (Currently, CTOs provide travel services in nearly all cases for the Department, but rare exceptions exist where, for certain classified units and other sensitive organizations (such as the Secretariat), the sensitivity of the mission has resulted in the decision to maintain the travel office operation in-house.) Multiple approvals and diffused responsibility and oversight are the rule.

3. *Business practices are overly complex and inconsistent.* Some organizations use a set of restrictive policies regarding travel card use, document submission, supervisory review, and entitlements computation. Practices focus on compliance with rules, not performance of mission.

4. *Administrative rules intended to minimize cost of Government travel frequently focus on the stovepipe procedures of a part of the process.* These are managed by different oversight groups who have no visibility over or responsibility for total system costs. Management information to make informed trade-offs is lacking at all levels. Thus, the procedures designed to ensure minimum cost to DoD for a part of the process may drive up overall costs, as well as impair the mission. Examples include selection of air travel arrangements without regard to local transportation costs, requiring use of Government billeting or messing without considering mission impact, and not permitting use of a rental car when such use is cheaper than reimbursing for local transportation costs.

5. *The system is characterized by a complete lack of trust.* The predominant paradigm of the existing TDY travel system is a lack of trust, not only of the traveler, but the travel authorizing or approving official as well. Trust, not only in the context of honesty, but also in the context of having confidence in travelers and commanders to make competent, responsible travel-expense related business decisions. This manifests itself through an extraordinary amount of controls and rules, some of which focus on an exactitude of reimbursement, others on multi-level approvals for funding travel. These checks and balances provide what is perceived to be the all-important paper audit trail. This complex paper chain controls what is a relatively small sum of money on each voucher. Although the total cost of travel within the Department is high, the amount per voucher receives attention out of proportion to its cost. DoD spends approximately \$100 million annually on finance clerk salaries, much of it to deter people from cheating. The last step in the process--a finance clerk computing a voucher--becomes the locus for all regulatory decisions. It appears this is because no one trusts managers, travelers, or any others who work in the system, to follow policy. Indeed, some small fraction of travelers may seek to actively circumvent the rules simply because of this environment.

6. *Travelers are not treated as customers.* Not surprisingly, the current system, which is both distrustful of its customers and controlling in its design and nature, is not customer-oriented or focused. The Task Force focus group participants rated understandable rules, timely reimbursement, ease of order and voucher preparation and process, and controlling costs to the Government as their most significant areas of concern on a written questionnaire given to them.<sup>2</sup> There were dramatic variations among the sites visited. On average, respondents reported it took 7 days to process a travel order, 6 hours to complete and file a voucher, and 15 days to get reimbursed. However, at one installation which has recently initiated an effort toward providing quality service to its travelers, respondents reported 4 days to process orders, 1 hour to complete a voucher, and 4 days to get paid. At another base, it took 11 days to process an order, 8 hours to fill out a voucher, and 21 days to get paid.<sup>3</sup> These differences appeared to reflect process and business practice differences, as opposed to massive differences in administrative resources.

7. *Education is lacking at all levels.* Travelers, supervisors, and administrators are educated largely through performing their duties. While formal training exists for service providers of all types, few attempts are made at a systemic approach--most training is focused along existing stovepipe lines. Explanatory pamphlets or training materials are not in evidence, but much requested. Central efforts to develop training material even for calculation of entitlements have not been successful because of variation and complexity in the system.<sup>4</sup> The regulations are long and difficult to read. Few understand their place in the system, except perhaps for travelers, who know only that they are treated as if they are at the bottom of the food chain.

### **Findings Unique to Reserve Components**

Reserve travelers present special problems. Most reservists are located away from installations and cannot access services that active component members take for granted. Much of their management and financial dealings are done at long distance and are time-consuming. Each Service manages individual and unit travel (including orders, funding, arrangements, and reimbursement) differently. Implementation of the Government travel card program within the Reserve Components is inconsistent with the overall intent of the program, since administrators usually consider Reserve travelers as "infrequent" under current travel card policy, though many travel more than once a year. This practice varies considerably from Service to Service. Further, reservists are called to active duty under different statutes, which causes some to receive different entitlements for serving the same period of time at the same place, performing the same mission.

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<sup>2</sup> The team visited four bases: Langley AFB, Camp Lejeune MCB, Norfolk Naval Base, and Fort Bragg. The team met with approximately four hundred travelers, managers, system operators, and commanders. They filled out a written questionnaire and participated in facilitated group discussions regarding problems and solutions. The Task Force's working papers contain more detail.

<sup>3</sup> These times are those reported on our questionnaires. They do not represent statistically valid data, but serve as indicators of the overall problems encountered by both travelers and managers.

<sup>4</sup> The Defense Business Management University attempted for over a year to field a generic TDY travel course. They were unable to do so because there are 40 Service-unique items or interpretations of policy found in the preparation of the travel voucher, DD Form 1351-2.

**System Costs.** The team's cost analysis of TDY travel included *direct travel cost* (transportation, lodging, meals and incidental expenses (M&IE)), *cost of administering travel* (from specific work break down studies, flow charting studies, etc.), and *cost of lost productivity of the individual traveler* (time in line). The cost analysis served as a general framework to help evaluate benefits of alternative system design proposals.

*Direct costs* including transportation, lodging, M&IE, and rental car costs can be obtained from accounting records, but with much effort. A Logistics Management Institute study of Army travel programs<sup>5</sup> found an estimated \$5.1 billion was spent in FY 1992 in direct travel costs, of which an estimated 75 percent (\$3.8 billion) was for TDY. In FY 1993, total travel costs for DoD were \$4.7 billion.<sup>6</sup> Of this amount, \$0.9 billion represents permanent change of station (PCS) costs for military personnel. We estimated the cost of PCS travel for civilian employees is \$0.3 billion. After adjusting for PCS, obligated funds for direct costs of PCS in FY 1993 were \$3.5 billion.

*Indirect costs* as a whole are unquantifiable.<sup>7</sup> Estimatable costs of parts of the process were about \$0.5 billion in FY 1993, as follows:

- The order writing process costs at least \$300 million annually. This estimate is based on a study that identified the Air Force travel order process cost at about \$35 per order.<sup>8</sup> But this is just one study and one process. Air Force procedures, at least at the base we visited, appear generally more streamlined than those of other Components.
- The airline ticket payment and reconciliation process costs about \$60 million, based on a \$29 Defense Finance and Accounting Service (DFAS) unit cost per ticket, and with an estimated 2.1 million airline tickets in FY 1993 for TDY travel out of the total 2.8 million tickets issued.
- The voucher payment process costs about \$100 million in FY 1993, based on a DFAS cost of \$11.28 per travel voucher and an estimated 8.2 million TDY vouchers.<sup>9</sup>

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<sup>5</sup> The Army Deputy Chief of Staff for Logistics commissioned a study in 1992 that examined all aspects of current Army travel and transportation costs and processes. The report, published in April 1994, is included in our working papers.

<sup>6</sup> The Budget of the United States Government, Department of Defense Budget Extract for Fiscal Year 1995 (Object Class Code 21, "Travel and Transportation of Persons").

<sup>7</sup> Such costs are frequently hidden in military personnel accounts (e.g., unit administrative personnel) and O&M accounts (e.g., base operations).

<sup>8</sup> Major Philip W. McDowell and Captain David W. Morgan, USAF, Business Process Improvement Applied to Written Temporary Duty Travel Orders Within the United States Air Force (Air Force Institute of Technology thesis, 1993).

<sup>9</sup> The FY1993 DFAS cost estimate reflects partial workload in a transition year. DFAS FY1994 composite unit cost rate was \$13.74. Multiplying this rate by 8.2 million vouchers yields a workload cost of \$113 million. However, the composite cost estimate is based on differing levels of travel service processing at the five Finance Centers. The DFAS-Indianapolis Center is a high volume center, providing a full range of travel processing. Unit cost in FY1994 there was \$17.06. Using this as a baseline yields an annual processing cost of \$144 million.

- An additional \$0.6 million was spent to resolve cross-disbursing/unmatched disbursements associated with travel. In FY 1993, there were about 250,000 cross-disbursements or unmatched disbursements associated with travel vouchers (including PCS travel) involving \$190 million. Primary causes of unmatched disbursements for travel include complexity of the accounting line and fund citation, paper processes, separation of travel funding from unit funding, and CTO ticketing practices where travel offices cancel and reissue tickets for changed reservations rather than simply relabeling the existing ticket.
- Additional costs associated with arrangements, advances, and other parts of process as well as the training of military and civilian personnel who operate and support the system are not calculated because data is not readily available.

Cost to travelers in terms of their time in line servicing the system is not visible or calculated anywhere, but is cited as burdensome everywhere. Limited data collected from focus groups indicated that personnel spent a least 1 hour (at the best site), but more typically 5 1/2 to 7 hours preparing paperwork and getting through the voucher preparation process for each TDY trip they took. The manpower impact of 6 hours personal processing time per TDY trip versus 1 hour is about 20,000 man-years in lost productivity or training time.

One of the more detailed analyses of TDY travel costs was recently conducted by NSA. In FY 1994, NSA incurred \$30 million in direct TDY costs. NSA data indicated the identifiable indirect cost of administering the TDY process was \$8 million, including the cost of the time the traveler was actually engaged in filling out forms--27 percent of the direct TDY cost. Considering the approximate 22,000 trips taken by NSA employees, the indirect administrative cost was about \$370 per trip. Excluding the travelers' time, the administrative process cost was estimated at \$5 million, equating to about 17 percent of the direct travel cost or about \$230 per trip. NSA administrative costs may be higher than typical because they maintain an in-house travel office (most DoD travel office functions are contracted at minimal cost to the Government) and NSA has greater than normal security requirements for their personnel. The NSA process cost estimates do not include training, secretarial support, equipment, and other administrative costs associated with travel.

Considering what we do know and do not know about administrative costs, we estimate that administrative costs supporting TDY travel is at least 15 percent of the direct cost. However, as much as 30 percent appears to be in the ballpark. The more detailed and less automated the procedures, the higher the administrative overhead as a percentage of overall cost. The cost of lost productivity of the traveler who must take time to support the administrative process presents an opportunity cost in the range of an additional 10 to 15 percent.

## Chapter 3 What Does a Travel System Look Like?

### Essential Elements of a Travel System

As part of a process reengineering effort, the Task Force identified the essential elements of any travel system. These are: *Authorization*, *Arrangements*, *Payment*, *Execution*, and *Reconciliation*. After these elements were established and defined, the Task Force then discussed whether these elements alone encompassed what is essential in a travel system for the Federal Government. The team recognized that as part of the Government's responsibility to protect the public trust, a Federal Government system required one additional element: *Accountability*. We defined the elements for application within DoD, as follows:

***Authorization to travel***--identification of mission requirements, funds availability and the authority to provide those funds

***Arrangements***--all aspects related to scheduling and planning the travel (e.g., transportation lodging, meals) to include access to information and the ability to make arrangements

***Payment***--actual payment for travel, by the traveler or the Government, for goods and services (can occur at any time during the travel process); includes advances provided to travelers to make such payments

***Execution***--actual performance of travel including meals, lodging, and transportation

***Reconciliation***--the travel voucher process and reconciliation of payments

***Accountability***--internal controls for all aspects of the travel process

The paragraphs that follow further develop the rationale for each essential element of a travel system and demonstrate their relationship to policy and product within the existing framework.

***Authorization.*** In any organization, someone must determine that the most appropriate way for the task at hand to be accomplished is for someone or some group to travel. In this process of determining that travel is appropriate, it must also be determined who should travel for a particular job, who has the right set of skills and is actually available, and whether the organization can afford the trip and has the financial resources available to execute it in the desired timeframe. This authorization need not be specific to each trip. It could be part of a broad set of corporate policies that simply hold managers and supervisors accountable for final mission or product related outcomes associated with revenue in general, or profit margin, or the accomplishment of a corporate objective. In DoD, we have the equivalent of both very broad and very specific authorizations. Blanket orders issued for extended periods represent the broad end

of the spectrum, and individual, trip-specific orders (which are the prevailing norm), the narrow end.

*Arrangements.* This element represents the entire spectrum of planning, arranging and coordinating all the details that must occur before executing the actual travel. It includes: reservations for airline tickets, hotel, and rental car; Government lodging reservations or determination of nonavailability; ground transportation to and from the point of embarkation; coordination of conference fees; passports and visas; etc. In addition, it typically includes estimating the trip cost as part of the planning process of cash management and for budget estimate purposes. These planning functions must occur for the travel to be efficiently executed. A wide variety of options exist with regard to how the planning element actually gets done, and the traveler's itinerary is produced. The traveler can personally make all the arrangements, organic transportation and travel services can be provided or required, and a host of commercial travel providers are available. These options can be accomplished individually or in combination, vastly compounding the options available and systems complexity.

*Payment.* This refers to the payment of the various vendors associated with the trip but specifically excludes reimbursement to the traveler. Airlines, hoteliers, car rental agencies, and restaurateurs must be paid for their services. Again, there are a wide variety of options and methods by which payment can occur: travelers can pay everything directly with their own resources, the company can pay all vendors through special contractual arrangements, the company can provide advance funds for such payment, corporate-sponsored individual credit/debit or charge cards can be used, payment may be made through third party financial arrangements, or any combination of these may be the case. Since "cash advance" is a specific vehicle through which the traveler effects vendor payment, it was analyzed under *Payment*. Under the existing framework, the traveler must collect paper receipts as proof of payment for services rendered to support the voucher.

*Execution.* Execution is accomplishing the travel. The team considered all issues related to use of Government lodging and dining facilities, rental cars, phone calls, etc., within this element, since execution is the phase of travel in which their use actually occurs. It is important to recognize that travelers can (and often do) take the first two steps, *Authorization* and *Arrangements*, without making the trip.

*Reconciliation.* This includes all the back-end finance and accounting operations required to ensure that payments or collections are made to and from travelers and vendors, and that adequate documentation of the travel is available to adjust the accounting records. The Task Force considered the various methods of reimbursement (i.e., flat-rate, actual expense allowance, lodgings plus per diem) as well as the mechanical reconciliation process, as they are closely tied together. Reconciliation can occur at the beginning of the travel process as well as the back end. In some "100 percent cash advance" programs, reconciliation occurs up front, vastly simplifying and streamlining the overall process. *Reconciliation* was analyzed in various systems sequence locations.

*Accountability.* This element is not an absolutely essential element in the corporate environment where bottom-line measurements are used to assess the efficiency of a cost center. In the Government, however, there is inherent in our obligation to be "prudent stewards of the Nation's resources" a requirement to be able to hold those who "hold the public trust" clearly accountable. Accountability need not be a separate, stand-alone, element, however. It is typically a paper audit trail and a series of accounting audits and verification of actual expenses against amounts claimed. After an in-depth look at our current TDY travel process and what is technologically available in the market place, the Task Force determined early in our analysis that this element should be designed into the travel delivery system using industrial standards for random statistical sampling, upper and lower control limits, and by exception management methodologies.

### **"Best in Class" Corporate Practices**

The Task Force used the "essential element" construct not only to examine DoD's internal system, but also to evaluate various private industry approaches to the travel process. We found that private industry uses similar processes to those in Government. Through a combination of our own research and the efforts of other reengineering initiatives, we discovered the following are the "Best in Class" themes in private sector travel systems. The Task Force identified no individual company that has incorporated all these elements in a coherent system.

- *Travel policy is simple and articulated.* Simple, published corporate policies governing corporate business practices are provided to all personnel traveling on official business. Orientation to the rules occurs before travel. Ten to fifteen guidelines are typically contained in an official pamphlet that is easy to understand with a 20-minute reading. Travel policy is typically established by a corporate board made up of a corporate travel manager(s), process owners, and customer representatives.<sup>2</sup>
- *Line managers are responsible.* The traveler's manager or supervisor is responsible to authorize travel, authorize and approve expenses, and manage and monitor usage of travel funds.
- *Corporate credit cards are used.* Use of corporate travel cards is maximized for all expenses. The automated teller machine (ATM) feature of the card or traveler's checks are used for cash advances. Corporate card use provides management information, and provides a basis for random audit.
- *Arrangements are made through designated Commercial Travel Offices (CTO).* Corporations mandate the use of "full service, one-stop shopping" CTOs for all business travel reservations and ticketing. The CTO includes such services as hotel and rental car reservations, airline tickets, currency exchanges, and delivery of messages to foreign countries. The servicing travel agent knows corporate policy

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<sup>2</sup> This information comes from the American Express Survey of Corporate Travel Management (pub data).

while providing service. The servicing CTO is frequently located off-site, relying on electronic or express delivery for services. Turnaround time for reservations and tickets is virtually immediate. Contracts with travel agencies have positive and negative incentives to meet established performance measures.

- *Help is available at all times.* Around-the-clock service with an 800 number is part of the travel agent contracts.
- *Administrative processes are automated.* Computation of travel expenses is automated, with the corporate policy built into software for automated exception parameter checks. Service/system costs are computed automatically.
- *Reviews are selective.* Travel expenses are audited on a random basis, not 100 percent.
- *Reimbursement is rapid.* Average reimbursement is two to four days with payment through electronic fund transfer (EFT).
- *Administrative costs are low.* Indirect cost of administering the travel program, including bill processing, travel advances, voucher processing, receivables management, float, and data processing, is approximately 5 to 6 percent of the direct cost of travel.<sup>2</sup>

The recommendations in this report reflect the "Best in Class" themes we found through our research and benchmarking process. Only a comprehensive, system-wide approach will work to effect the massive changes needed to meet the goals of our charter.

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<sup>2</sup> The American Express Guide to Corporate Travel Management. AMACOM, 1994, pp. 109-110. The average indirect cost for managing travel and entertainment funds was 10 percent of direct costs for the 1800 companies in the AMACOM survey.

## Chapter 4 System Recommendations

The Task Force recommends first, that we *change our philosophy*. Second, we must *change travel as a system*, in which a number of critical components interact in combination. Any changes must be made with regard to other system components. Third, we must *change our policies* to get to a seamless, dynamic system that suits everyone's needs. Unless change occurs in the context of a new philosophy and synchronized components, any change will be piecemeal, easing the efforts of individual stovepipe organizations but not making the overall process easier for the traveler and supervisor.<sup>1</sup>

### Change the Philosophy

Implementing a new DoD travel system requires a radical change of mindset throughout the Department. The philosophies we identified as essential to support the new system are discussed below. It is paramount that these new paradigms be the underpinnings of our proposed new system, and continue as the structure upon which future changes in that system occur. There surely will need to be changes in the future to the travel system as advancements in technology are made (for example, the commercial reservations system and travel agency interface with them may well change in the foreseeable future) and as improvements in business practices develop. If the correct paradigms are in place, continuous improvement in the system will occur. If they are not, the best the Department will ever realize in regard to our proposals will be suboptimal, incremental improvements to the current system. We believe even those marginal improvements would eventually be replaced by the old way of doing business--a system which is fragmented, incoherent, and not customer-oriented. The following new philosophies must be adopted.

- *Treat travel as mission support.* Ensure that travel is considered a process to meet the mission, not to be managed as an end in itself. Travel policies should be categorized by, and entitlements should be based on, mission needs versus the status of the traveler (see our recommendations under Entitlements in Chapter 5 in which we detail the three categories of travel we propose: deployment, training, and "business").
- *Treat travelers and commanders as responsible, honest, professional customers.* The travel system must provide information, flexibility and incentives to travelers and commanders. Travel authorizing or approving officials should be given simple guidance and broad discretion and authority to grant exceptions to standard arrangements.

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<sup>1</sup> Each one of the recommended changes and the changes in combination (travel orders and payment process work together) was analyzed against the system change performance goals: fair and equitable, supports mission, reduces overall cost, and improves customer service. Our working papers provide additional details on how the team arrived at these recommendations.

- *Treat the travel process as a system.* The travel process should be designed to support the mission and the customer, and consider total cost. The parts of the process must be coordinated, simple (built on clear, rational, understandable rules), standardized, and automated. Flexibility for personnel to make rational decisions must be built into the system. The system must be customer-oriented and user-friendly. Accountability should be embedded throughout the system, to remove internal controls from the back end of the process, and make them part of each step so that the system audits itself. DoD Components should not supplement DoD TDY travel policies and procedures as it drives nonstandard treatment of DoD-wide travelers.
- *The Government is responsible for the cost of necessary expenses incurred as a result of directing a person to travel.* Travelers are entitled to safe accommodations and a reasonable measure of comfort and convenience when traveling on Government business.

## Change the System

The travel system must be changed to provide a *travel services delivery system* to our customers. There are two sets of customers of the DoD travel system: the operational commander or supervisor, and the traveler. The operational commander or supervisor needs a travel system that is responsive and flexible to get the right people to the right place, often with no notice at any hour of the day or night. The term operational commander or supervisor connotes the lowest level of management that would actually determine who should be assigned to a certain task requiring travel, and then direct or authorize that travel. The system must also accommodate large movements of troops for military operations in remote theaters, as well as individuals traveling on routine business in the continental United States or in the local area of assignment. The traveler needs the system to treat him or her fairly and equitably, consistent with the nature of the traveler's mission. Our goal is to meet the needs of both customers, easing their tasks. For the commander, our goal is to ensure arrangements are responsive, timely and flexible enough to meet mission needs, and that necessary management information is provided to them upon which to base sound travel-related expense decisions. For the traveler, our goal is to provide a full-service, one-stop shopping -- a single point to which he or she can go for all travel arrangements, information and service needed to complete the trip with convenience, comfort and safety. For the Government, our goal is to ensure full customer-oriented travel services are provided to our customers which meet mission needs at less overall cost to the Government.

We recommend mandating the use of CTOs to provide travel services to our customers. By "mandated use," we mean that when a CTO is available, the traveler is expected to make all arrangements through that CTO. It is only through travelers using the CTO that the Department can ensure the level of intended service is provided to our customers. Through use of the CTO, DoD can ensure managers are provided the information they need to manage travel. Additionally, the ancillary benefits to the Government are immense and cannot otherwise be achieved. Use of the CTO will streamline processes tremendously allowing DoD to reduce infrastructure in certain

areas. There will be a previously-unrealized potential for volume discounts. Finally, policy and necessary controls and information can be embedded throughout the process ensuring accountability. CTO use is absolutely essential to realizing our objectives.

The delivery system we are recommending would place primary responsibility for providing travel services with the CTO. The CTO can provide an expansion of their current itinerary to serve as the travel order, voucher and disclosure form (at a tremendous savings to the Department). Travel policies would be embedded in their system, which would move back-end policy compliance checks to front-end policy compliance. Exceptions would be reported to travel authorizing or approving officials for resolution. Travel authorizing or approving officials would have access to user-friendly policy guidance embedded in the system. CTOs will provide a "should-cost" estimate of the trip, shifting that responsibility from administrative personnel or travelers, while ensuring better estimates, at no cost, to management. Management will be responsible for approving the voucher, moving disbursing clerk "policing" to the person in the best position to determine the appropriateness of the claimed expenses -- the traveler's commander or supervisor who directed the TDY in the first place.

Our proposed delivery system centers around the concept of the "should-cost" estimate -- it is the common thread, from the beginning to the end of the travel process, through each of the essential travel elements. It links the travelers' entitlements and the delivery system together. Basically, the concept is that at the time travel is arranged, the CTO will provide a should-cost estimate to the traveler per specifications determined contractually by the Department. Software would be used with applicable DoD travel policies embedded to ensure arrangements are made in compliance with policy. (How the CTO will get the necessary information will be tested in various ways in pilots conducted of the new system.) The CTO will know (from electronic commercial reservation systems) the appropriate fare that is available at the time reservations are made. The CTO would then calculate, at that time, what the trip should cost, to include the cost of commercial transportation, air fare, lodging, rental car, and per diem for meals and incidental expense allowances. These components typically account for 92 percent of travel expenditures and are knowable in advance of the trip. The should-cost estimate would be provided to the commander and traveler. It is the point of reference for exception authorization. It will form the basis for reimbursement later (but the best way to effect a post-travel computation will have to be determined from testing various ways to accomplish the computation). On a linked management information system (MIS), the should-cost estimate will remain with the trip record until reconciliation is complete. Alternative solutions to the best way to build the should-cost estimate may well have to be developed for deployment travel, for situations where no commercial reservations are needed, or in situations where no orders are involved. Tests of the new system will determine the travel conditions under which the design will provide the desired result. Prototyping and piloting the MIS content and flow in a test environment is essential to ensure a working model of user-friendly management information is available for implementation throughout the Components.

DoD must standardize and simplify the processing of travel arrangements and reconciling and disbursing payments for DoD travelers. In our design, CTO use is a primary vehicle through which this can be best realized.

Our recommended travel system adapts "best in class" commercial practices to Government operations. It is important to distinguish that from automation or privatization. While we see many benefits to contracting out many of the activities essential to processing travel (as they are not central to our core mission), privatization is not reengineering. Our recommendations, in accordance with our Charter, reflect a reengineered, simple, travel system for the Department. Privatization of components (or the whole) of that reengineered process will be tested by the Transition Team, with follow-on recommendations, as deemed appropriate. The system must be implemented as a "whole" -- the payoff would be far greater than the sum of the parts.

Our proposed work flow to support the envisioned system is located at the end of this Chapter. Figure 5 is a flow chart of the recommended system and is located at the end of this Part.

### **Change the Policies**

A different philosophy and better delivery system lead to a new set of policies to support the following objectives, which are keyed to the pertinent essential travel elements:

- Link budget and travel authority (Authority)
- Mandatory CTO use (Arrangements)
- Maximize use of Government travel card (Payment)
- Rapid reimbursement (Reconciliation)
- Accountability embedded throughout the system (Accountability).

The policy changes required to realize those objectives cannot be pursued in isolation, and must be seen as the interdependent elements they are. We termed the policy changes that must occur in an orderly, coordinated way to achieve the objectives they will support as "critically-matched sets." These packages are on balance advantageous to all but may include elements which are unpopular individually. They will only be effective and acceptable to customers if they are implemented together or in a specific sequence. For example, using the Government travel card is not acceptable to many travelers. A primary reason is that travelers have experienced reimbursement cycles which exceed the travel card bill due date, and they do not wish to be in a position of having to float the Government to pay the card company pending reimbursement from the Government. Before we could reasonably implement the policy of "maximized use of Government travel card," rapid reimbursement must be in place. To ensure rapid reimbursement, simple entitlements upon which to calculate the appropriate payment must be in place. Thus, rapid reimbursement, simple entitlements and maximized used of the card are a critically-matched set. Critically-matched sets are detailed below, under Coordination.

## Coordination

Responsibilities for travel within the Department are fragmented and stovepiped from the Under Secretary down through base level. To overcome this situation, it is vitally important that new coordination mechanisms be created at all levels (in OSD, in the DoD Components, and at installation level) to rationalize the travel process. DoD must bring other Federal agencies, such as GSA, the General Accounting Office (GAO), the Office of Management and Budget (OMB), and the Internal Revenue Service (IRS) into the process of change, since many DoD travel policies are directly governed by rules established by these agencies. The Government-wide Joint Financial Management Improvement Program (JFMIP) is also critical to the overall travel regulation process. Additionally, national union organization coordination is vital to preserve equity between civilian and military travelers.

The recommendations of the Task Force, *as endorsed by the chartering officials and synchronized by a transition team*, will direct process changes across the range of oversight responsibilities that must be accomplished as an integrated set, in order to achieve the policy changes and realize our objectives. This *transition team* will be responsible for synchronizing the activities of existing organizations in implementing the recommendations included in this report, in particular, the activities we identified as critically-matched sets. Linkage and phasing, while crucial to widespread acceptability of the reforms, are more difficult to achieve and will require a higher degree to coordination, than piecemeal implementation. Below, critically-matched activities are described, with the objective they support noted on the left.

Objective	Critically-matched sets
Link budget and travel authority (Authority)	Budget execution, fund control, and management information to lowest level; card and CTO data fed to same level; simple entitlements; real-time accounting data; simple accounting expense element.
Mandatory CTO use (Arrangements)	Full-service CTO contracts, standard across Service/Agency lines.
Maximize use of Government travel card (Payment)	Rapid reimbursement, management structure for card; education and training; simple entitlements.
Rapid reimbursement (Reconciliation)	Clearly written, simple, accessible entitlements; cost estimate forms basis for reconciliation; authorizing/approving official approves voucher; split disbursement, EFT.
Embed accountability throughout system (Accountability)	Simple entitlements; empower supervisor; standard, automated administrative systems; management information from CTO and card company; system security. One category of travel expense; single accounting expense element.

In addition to orchestrating the above activities, the transition team will review and approve tests at installations and activities, evaluate feedback from customers, and ensure that DoD as a whole implements the new travel process. Specific transition team duties are contained in Part II.

## **Education**

Educating travelers, managers, and clerks in the process will require a two-phased approach. We recommend issuing a simple pamphlet on current entitlements and standards for document submission. This would set the stage for the more comprehensive training that will come as the process is streamlined and automated. We must assure managers they do not have to become expert in yet another administrative process if "policy-policing" is transferred to them from finance or transportation offices. Currently, some Services require supervisory review of the completed voucher before submission, but we have not educated these supervisors to look for errors--or how to explain to their subordinates the correct method of completion. We owe travelers, process owners, and supervisors a system that is so simple they will not need training in the future; the answers would be embedded in the process they use every day.

## **Recommendations Specific to Reserve Components**

The more Reserve Component members are treated like their active duty counterparts, the better DoD will be able to serve their needs. The presence or absence of a traditional installation structure should not, in the long term, be a factor in designing solutions to their unique needs. Existing technology, such as personal computers, modems and telephone hookups, and overnight express delivery of documents (within the United States) should be used to create a "virtual installation" that would preclude much of the need for Reserve Component travelers to have access to traditional infrastructure. Corporate billing, or cards activated only when travelers need them, may be the answer to their travel card needs. Additionally, unit cards, such as those used for procurement, should be used for group or unit moves. Regional contracting for travel services, with 24-hour 800 numbers, is essential for Reserve Component members to arrange their travel (as the Army Reserve Personnel Center does now). While equalizing Reserve entitlements is a long-term goal, ensuring adequate service under current rules is probably more important. Likewise, Reserve Component orders do more than merely authorize travel. They call members to active duty, form the basis for creditable service computations, and perform other personnel management functions. This process would remain the province of current Service-unique systems. Still, simple procedures and education are required. Reserve Component accounting and personnel management systems require access to the same management data as envisioned for active force organizations.

## **Recommended System Work Flow**

The following system work flow is suggested as a guideline for a standardized process for DoD business travel:

a. Supervisor/traveler identifies need, type of travel, and any required use of Government facilities.

b. CTO provides "should-cost" estimate to the traveler/supervisor/administration for the following travel arrangements:

- 1) Airfare based on time and date of departure and return.
- 2) Commercial/Government lodging cost to include taxes. (This can include a specific commercial hotel as desired by the traveler.)
- 3) Number of miles lodging is from the airport.
- 4) Number of miles TDY location is from airport and lodging.
- 5) Hotel shuttle service provided to/from the airport, and TDY site, if applicable.
- 6) Estimated cost of taxi to and from airport to hotel.
- 7) Estimated cost of taxi to and from TDY point.
- 8) Non-exempt tax information on lodging.
- 9) Rental car cost based on car size requested and off/on-airport pickup point.
- 10) Miles from home/work to TDY point. (To provide cost data for option to use private vehicle.)
- 11) Per diem cost for trip, broken down by lodgings and M&IE.
- 12) Miscellaneous reimbursable expenses can be obtained from traveler's profile, established by CTO, i.e., local transportation costs, miles from work/home to airport and return, taxi costs, etc.

c. CTO sends "should-cost" estimate back to traveler/supervisor/administration (with exceptions to policy noted) and CTO holds information in queue awaiting approval to issue ticket from supervisor.

- d. Supervisor approves travel, and supervisor or designated administrative personnel inputs accounting data.
- e. Supervisor forwards approval to CTO and obligation of funds to budgeting. Accounting is updated.
- f. CTO issues airline ticket and itinerary to traveler and charges cost of ticket, minus the shared commission amount, to the individual travel card or centrally-billed account. The itinerary will provide lodging, rental car information and confirmations.
- g. Traveler makes all arrangements changes while on TDY through a 1-800-CTO-HELP number, and the CTO includes the changes to the information being held within their system.
- h. Traveler pays for airlines, rental car, lodging, M&IE with maximum use of Government travel card. This includes any additional charges due to changes while on TDY.
- i. Traveler returns from trip and submits voucher and elects split disbursement payment option. The voucher includes any changes made through the CTO while on TDY. The traveler adds any other reimbursable expense not reflected in the system and forwards the voucher to the supervisor for approval. Automated computation is performed before supervisor reviews.
- j. Supervisor reviews voucher, makes any necessary adjustments, and approves voucher for payment, and forwards it to Finance (Disbursement) for payment.
- k. Disbursement pays voucher as requested by the traveler through electronic funds transfer.
- l. Random audits will be conducted.
- m. Management information reports will be established to match CTO bookings to actual charges to the Government travel card, and will be provided to management.

## Chapter 5 Entitlements

### Findings

Entitlements form the basis for the entire travel process. They reflect current policy (to include transportation, finance, budget, housing, messing, personnel, etc.), law, and custom, and shape the delivery of virtually every aspect of the travel system. The Joint Federal Travel Regulations (JFTR) and Joint Travel Regulations (JTR) prescribe per diem, travel and transportation allowances applicable respectively to uniformed members and DoD civilian employees. Into the JFTR and JTR flow statutes, DoD and non-DoD policy, operational requirements, customs of the Services, and per diem rates set by two outside agencies (the General Services Administration (GSA) sets the rates for locations within the continental United States (CONUS) and the State Department sets rates for overseas locations) and the rates set by the Per Diem, Travel and Transportation Allowance Committee (PDTATAC) (for nonforeign areas outside CONUS). From these regulations flow numerous Service and installation-unique implementation policies, regulations, and instructions. The current entitlements evolved over a long period of time through a very complex process. They have a great deal of specificity and are exception-based; they focus on the traveler's status, not the mission; they are written in complex, arcane language; and they are interpreted and applied very differently among the Components. The proliferation of Component directives, some of which conflict, causes much distress, and often result in travelers performing the same TDY travel being reimbursed differently.

Task Force focus group participants emphasized they neither understand nor even have access to the TDY travel provisions in the JFTR/JTR, and distrust finance clerks who compute their vouchers. Travelers at bases where the process was less paper-intensive and where travelers were reimbursed quickly reported a higher degree of satisfaction with entitlements. Apparently vague rules, written to cover a variety of Service missions and policies, have resulted in a system that travelers find mystifying. Little training is provided to anyone except finance clerks. Most travelers learn about the process by making errors and being corrected. It is costly for finance offices to compute vouchers due to the complexity of the entitlements that support the current system.

The Task Force focus group participants expressed a great deal of interest in the concept of being paid per diem on a flat-rate basis. However, what the focus group participants indicated they were really looking for was upfront, dependable information on what amount they could spend and expect to receive for expenses they incur performing the ordered travel. Travelers did not indicate they were reimbursed inadequately for lodgings under the lodgings-plus per diem system. That feedback, coupled with the economies involved in paying a flat rate for lodgings versus the actual amount incurred up to an established maximum, led us to the conclusion that there is no basis for the Department moving away from the lodgings plus per diem method. The "should-cost" estimate we have designed into the new travel delivery system will meet the customers' needs by providing the upfront information on what they can expect to be reimbursed for the trip.

Applying TDY travel rules based on status, not mission, is in large part responsible for the confusion about the current system, and is occasionally inimical to mission performance. For example, enlisted trainees and those who attend follow-on training at an installation are treated differently from officers in a similar status. Military and civilian travelers are treated the same regarding the requirement to use military billeting facilities when available, but are not treated the same regarding messing. In fact, messing policy is the single largest inequity felt by our focus group participants to exist among civilian employees, officers and enlisted members. (Chapter 9, Execution, contains a detailed discussion of the current policy on required use of Government mess by travelers.) These differences stem from the traditional ways in which we have historically treated officers and enlisted. However, many of these constructs are the legacy of the conscription era, and are much less appropriate in today's all-volunteer force, in which enlisted members as well as officers manifest a professionalism inconceivable two decades ago. In recent years, officers and enlisted members have been treated more and more the same with regard to per diem, but have not been afforded the same treatment across the board. Civilian and military travelers have different rules regarding miscellaneous reimbursements: for example, military members can be reimbursed for tips to baggage handlers, civilians cannot.

## Recommendations

Based on the principles detailed in Chapter 4, the Task Force recommends creating three broad categories of mission travel: deployment, training, and "business."

- *Deployment travel* consists of traditional military operations, such as Desert Storm, peacekeeping in Haiti, disaster relief, recent operations in Kuwait, and the like. It also includes field or maneuver training, and sea duty when troops involved are not permanently assigned to a ship. Such travel is characterized by mandatory use of Government-provided air, billeting, and messing. Services are provided in kind, rather than by the traveler obtaining them on his or her own and then being reimbursed.
- *Training travel* occurs under two mission conditions. The objective of the training, as determined by the organization conducting the training, will form the basis for requiring the use of Government or Government-provided facilities. When the training objectives require the attendees to lodge and eat together, then use of Government or Government-provided facilities will be required. In this case, entitlements will be based on available facilities (the organization conducting the training will be responsible to ensure the travelers are provided the meals and quarters). When the training objectives can be achieved without the attendees being required to lodge and eat together, then the travel and related entitlements will be the same as for "business" travel.
- *Business travel* is any type of travel not included in the first two categories. It consists of individuals or small groups performing a mission away from their permanent duty station. It would include local travel, medical travel (either as a patient or attendant or escort), but not leave or evacuation travel (which would remain under their current

rules and procedures). On-base lodgings facilities would be used when the supervisor determines their use meets mission requirements.

The Task Force recommends entitlements be structured to ensure Government payment for necessary expenses for subsistence (lodging, meals and incidental expenses), transportation, and reimbursable expenses incurred by the traveler. Entitlements should be designed to facilitate simple articulation and unambiguous calculation; they should be simple enough to be easily understood by everyone; and they must treat military and civilian travelers equitably.<sup>1</sup>

We recommend that the entitlements for *subsistence expenses* be structured on a lodgings-plus per diem method. The Department should pay for the actual cost of lodgings not to exceed the lodging portion of the per diem allowance as set by GSA, the Department of State, and PDTATAC. Travelers can normally obtain safe and comfortable lodgings within the amount authorized for lodging in the per diem rate for the TDY location. Reimbursement for the actual costs is fair and adequate without excessive documentation. The allowance for the cost of meals and incidental expenses incurred incident to travel should be on a per diem basis. The Government should pay for meals based on a "simple day" concept. The full amount of the meals portion of the per diem rate (regardless of where the traveler chooses to eat) should be paid on a flat rate basis for every day of travel, to include the day of departure and the day of return. The exception to this rule would be when deployment or training travel is involved. Using a "simple day" concept and not attempting to precisely reimburse travelers by category of each meal, each day, will allow all parties to easily understand the daily allowances, and will allow for the elimination of times on the travel voucher.

*Transportation expenses* should be based on the cost for commercial transportation as arranged by the Commercial Travel Office (CTO) using "city-pair" fares and exception policies.

*Miscellaneous reimbursable expenses* should be authorized or approved by the individual directing the mission based on direct mission impact.

The Task Force believes entitlement policies written on these concepts will be fair, equitable, adequate and simple enough to be understood by all parties. They will form the basis for the should-cost estimate for the trip.

a. *Should-cost estimate.* This estimate is prepared at the time of trip planning and authorization. It is the standard or baseline amount the Government is willing to pay for the trip in question based on the type of travel, policy, and arrangements booked. The estimate is comprised of the allowable subsistence expenses based on the lodgings-plus system, the CTO-determined transportation expenses, and the travel authorizing or approving official determination

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<sup>1</sup> There is a window open now that will permit DoD to influence changes to the Federal Travel Regulation (FTR), which governs entitlements for all Federal civilians. (The Joint Travel Regulations, Volume 2, implement FTR provisions for DoD civilian employees.) The ongoing Joint Financial Management Improvement Program leadership has a working group examining current TDY travel entitlements. A PDTATAC staff member is representing DoD on that working group. This is an opportunity for DoD to help shape TDY travel entitlements Government-wide in a way that materially will assist DoD travelers.

of necessary reimbursable expenses. For example: "city-pair" rates, the lesser of booked lodgings reservations or the lodgings portion of the locality per diem rate, the meals and incidental expense (M&IE) allowance portion of the locality per diem rate, and the like. These estimates become the basis for reimbursement, unless the baseline arrangements are waived and the travel authorizing or approving official approves it. Adjustments will be made if actual costs incurred for travel arrangements on the trip vary from those booked for reasons acceptable to the authorizing or approval official; also, reimbursable travel-related expenses approved by the approving official will be reimbursed in addition to the should-cost amount. The travel authorizing or approving official should have broad discretion to grant waivers of the should-cost arrangements based on mission requirements. Providing the travel authorizing or approving official with waiver authority will ensure that the person with the most direct information about impact on the mission is the individual determining if exceptions are necessary. Viewing the traveler and the travel authorizing or approving official as professionals will allow for elimination of tremendous amounts of documentation to support each expense or exception.

b. *Waiver for the Government's convenience.* The travel authorizing or approving official may waive should cost arrangements if he or she finds that such waiver would further the mission. Waiver authority at the travel authorizer level will be limited, for example, in general to 150 percent of the should-cost entitlements, or to waivers of city-pairs consistent with city-pair policy. Management information will have to be in place before implementation.

c. *Waiver for the traveler's convenience.* The travel authorizing or approving official may waive should-cost arrangements for the traveler's convenience only when compatible with mission accomplishment. When a waiver is granted for the traveler's convenience, the traveler is reimbursed based on the should-cost estimate. Any additional expense above the should-cost level is the traveler's responsibility. This effectively eliminates post-trip "constructive travel" computation by making the computation in advance.<sup>2</sup>

Waivers of initial arrangements may be made during or after the trip under the same authorities, without creating a requirement to rewrite or reissue the travel order.

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<sup>2</sup> The should-cost estimate provides a more accurate substitute.

## Chapter 6 Authority

### Findings

In DoD, travel orders establish mission direction and funding obligation. Orders can be written or oral (although if oral, written confirmatory orders must be subsequently issued). Orders serve many ancillary purposes, such as a basis for establishing liability in the case of a civilian traveler's accident or death, or a basis for providing Government rates in commercial lodging facilities or at rental car companies. Apparently, the traditional rationale for written orders is that they serve as authority to obligate funds.<sup>1</sup>

The order process tends to be paper intensive, nonstandard and rigid, with the traveler or the administrative person taking the paper from station to station to get approvals. In most cases, the individual directing the travel is **not** the same person who obligates the funds. Many levels of approval diffuse responsibility. Formal amendments are frequently required for any deviation from the initial itinerary (e.g., flight time, flight cost). The orders process is frequently mired in disconnects with the finance process (e.g., mandated taskers to operational unit from central headquarters often require a separate process for funding). Numerous Service regulations confuse rather than educate travelers and service providers.

Temporary duty is not a line item controlled by Congress or OSD, at this time, and is not subject to anti-deficiency as a specific line item (though travel orders can cause an anti-deficiency instance when managers over-obligate funds). TDY is visible in the budget as object class 21. However, funds are controlled by budget activity, not object class, and managers have the flexibility to reprogram funds within the limits of that budget activity for Operation and Maintenance (O&M) and within the line item for Research and Development (R&D) and Procurement.

Temporary duty can be funded from multiple accounting classifications. Orders may cite local funds, other units' funds, centrally managed funds or any combination thereof. In many cases, training funds are centrally managed rather than allocated to local activities. The training activity may fund travel for training rather than the traveler's unit or organization. Within DoD, travel payments make up approximately 36 percent of the total cross disbursing volume but only 2 percent of the total yearly cross disbursement dollars. This practice increases the workload of reporting travel expenses and contributes significantly to DoD's undistributed disbursement problems. In addition, the entry of accounting information on the order and a separate entry into

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<sup>1</sup> We found only one statute, 31 U.S.C. 1501, that directly requires documented evidence for travel. It relates to establishing Government obligations. While both Titles 5 and 37, U.S. Code, state that travel and transportation allowances are payable for travel "under orders," neither specifically requires written orders. However, the Comptroller General of the United States has in past decisions (59 Comp. Gen. 397 (1980), for one) interpreted the applicable statutes to require written orders to support travel vouchers. In view of today's environment of burgeoning electronic commerce, GAO is rethinking its requirements, and electronic data can suffice in lieu of hard-copy paper if the system has the necessary safeguards. Future travel systems should be based on the new GAO regulations.

the accounting system are often separate manual processes that result in inaccurate data entry into the accounting system.

Review of practice in DoD organizations indicates that TDY funding authority is frequently managed centrally at the division/installation level resource management organization. Commanders who directed and authorized travel had no management information on funding availability. Missions directed by Joint Staff or other outside taskings resulted frequently in a two step process with fund citations to support the mission coming at a later time than the tasking. The disconnected procedure introduces last minute administrative nightmares, frequently putting the traveler and commander under undue stress, ultimately affecting mission accomplishment. While commanders at visited locations generally would like to manage TDY as part of their overall O&M budgets (e.g., as fungible assets), they recognize that management information must accompany that responsibility.

## **Recommendations**

*One standard piece of paper produced by a seamless, automated system should be the goal (until DoD moves to a fully automated, paperless, travel environment).* We recommend eliminating the various types of TDY travel orders and order formats used for TDY travel, and using a modified version of the itinerary prepared by the CTO in its place.<sup>2</sup> This will permit single entry of data, so that information required for both the orders and voucher would not be entered repeatedly on different forms solely to satisfy the internal operations of existing process owners.

*Align funding with authority to direct travel.* Fund control responsibility must be delegated to the lowest practical level, with authority to obligate funds given to the commander or supervisor approving travel consistent with O&M (or other funding) controls. For line supervisors to authorize and manage TDY travel as part of their mission, they must have timely and accurate management information including fund availability. In the case of taskings from higher headquarters, attendance at training, or other outside-the-organization missions, funding guidance or a fund citation should come with the tasker before the travel is ordered.

*Simplify accounting.* Travel accounting must be simplified and made more accurate by funding all or as much travel as possible at the organizational level and using one element of expense--TDY. Organizational funding of travel orders would reduce the volume of cross disbursements within the Department. Funding at the local organizational level would require some budgetary adjustments to support the change in funding procedures. Since detailed shreds used today disappear as information is consolidated by the accounting process, use of one standard expense category would have little impact on the type of information currently available above the installation or activity level. It should have no impact at the Service or Departmental level. Ideally, travel card and CTO data would provide the breakouts necessary to track expenses.

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<sup>2</sup> The current CTO-produced itinerary contains the dates and locations of travel, personal and organizational information, and some include the source of funds (line of accounting).

## Chapter 7 Arrangements

### Findings

Current policy mandates the use of Government assets first (e.g., military air, Government quarters, and Government dining facilities) and use of commercial travel offices (CTO) where available. There are wide variations in contract specifications with CTOs, which result in varying levels of service being provided to customers across DoD. In some cases, CTOs make arrangements for the use of Government facilities, but in others, contractually they do not. There is no single point for the traveler to have all travel arrangements made on his or her behalf. The traveler must make multiple telephone calls (especially in regard to Government lodgings), deal with various service providers, and balance mission with policies that are not consistent. Overall, travel arrangements are fragmented. For the traveler, getting all necessary travel arrangements made is a disconnected, multi-stepped process. Travelers are frequently poorly informed about arrangements and entitlements. Additionally, some administrative control systems currently in place are redundant and counterproductive. For example, a traveler given a confirmation number on nonavailability of quarters when arranging lodgings must still go to the housing office on the base at the TDY site to get a statement of nonavailability.

#### *Government facilities*

Findings relating to mandated use of Government quarters and dining facilities are covered under Execution, Chapter 9. However, in regard to mandated use of military air, two major issues were presented in Task Force focus group sessions. On the deployment travel issue, the reliability of arrangements was cited. The type of craft and timing may change at the last minute resulting in a bow wave of changes in everything from travel orders to equipment loading. On business travel, the mandated use of military contract flights for transoceanic travel raised issues of reliability and price. Some organizations appear to believe that military air assets must be used, regardless of mission requirements, when available for business travel. The incidence of uncertain last minute changes of military air results in back-up commercial air reservations. When military air comes through, the commercial air reservations made through the CTO are in turn canceled at the last minute. The CTO loses commissions and funds remain obligated until the unused tickets are resolved. Lost revenues (empty seats) by commercial airlines for the unused seats is an irritant to an industry that provides those seats to DoD at a savings of, on average, 62 percent of the full fare. Lastly, current transoceanic military air pricing frequently exceeds the cost of comparable commercial service. Its use, however, has a training value independent from cost, since it permits training in peacetime for wartime functions.

#### *Use of Commercial Travel Offices*

Mandated use of CTOs (Government travel offices in a few cases) to obtain reservations on commercial air carriers is currently standard. In addition, CTOs book hotel and rental car reservations upon request. Army and Navy contracts also require CTOs book reservations in Government quarters upon request. Commercial travel arrangement companies compete for

contracts to provide service. Service is at no direct cost to the Government except for the provision of space (facilities) and, in some Services, the exclusive right to book services. CTOs generate revenue from commissions paid from the airline, car rental and lodging providers. Recent contracts require commissions to be shared with DoD.<sup>1</sup>

DoD has not changed its business practices to maximize the potential of the CTO. This has led, among other things, to a failure to take advantage of opportunities to reduce direct travel costs through CTO-negotiated volume discounts and commission sharing for rental cars and lodging. The Department does not exploit the potential market leverage to ensure high quality services. The principal reasons are that commission sharing clauses have not been uniformly incorporated into CTO contracts. And, in some cases where they have, the refund for hotel and rental cars is going into miscellaneous receipts accounts and returned to the Treasury. Customers do not know about and are not required to make their rental car or hotel arrangements through CTOs. Finally, not using Government travel cards to pay for such arrangements impedes the ability of CTOs to collect commissions because they cannot match booked and executed arrangements.<sup>2</sup>

The most significant volume discount is the GSA-negotiated city-pairs contract. Air carriers contract to provide specific air routes at guaranteed discounted rates. City-pairs reduces cost by an average of 62 percent of full-fare rates, saving DoD about \$1.5 billion annually in air transportation costs. The principal mechanism to ensure their use (or more advantageous discount rates, if available) is to require booking and ticketing through CTOs. Volume discounts and Government rates have also been negotiated with rental car companies by the Military Traffic Management Command (MTMC), and with hotel chains by local base housing offices. However, DoD has not used the leverage of CTOs, combined with their management information, to negotiate best value in terms of rate reductions and quality service from hotels and rental car companies.

Satisfaction with a CTO appears to be a function of the philosophy behind the contract and management. For instance, Task Force focus groups at one installation praised the CTO--the contract there is written to serve the customer and provide options to city-pairs when requested. However, the CTO did provide management reports of use of rates in excess of city-pairs to managers who monitored and reduced use of non-city-pair fares from 30 percent to 8 percent. The CTO at another installation was criticized for rigidity and adversarial relationships because the contract precludes offering other than city-pair rates. In some locations, adversarial relationships or unresponsive service reflects complex administrative practices that force the CTO

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<sup>1</sup> In 1994, CTOs booked about \$1.25 billion in airline tickets for DoD. Shared commissions which range from 3.2 to 7 percent of ticket price--depending on specific contract--returned about \$50 million to DoD over and above city pair reduced airline rates.

<sup>2</sup> The 1994 Logistics Management Institute study found that lodging and rental cars represented 36 percent of the Army's 1992 O&M TDY direct costs. Assuming the conservative estimate that nongovernment lodging represented 25 percent of total TDY cost in 1993, obtaining the average 4 percent commission sharing would net DoD \$35 million annually. Additional savings from volume discounts as well as guaranteed quality performance levels from providers might also be negotiated through CTOs at no cost to government. Obtaining the tools to achieve such savings requires standard contract specifications, established accounting arrangements that credits the refund to the Service level appropriation, and mandated business practices.

to be the enforcer of city-pairs arrangements by setting CTO performance measures against city-pair usage rather than customer satisfaction.

CTO contracts do not cross service lines, even when personnel from different Services are located on the same base (for example, Camp Lejeune and the Navy Annex in Washington, DC both have separate Navy and Marine Corps CTOs). There are special problems associated with providing service to detached units, such as Reserve Component personnel (for example, access to CTOs, access to information, access to telephones). These difficulties are mitigated somewhat through regional contracts, many of which are not yet in place.

The CTO is not fully used to obtain reservations in Government billeting, leaving travelers or their administrative personnel responsible to make multiple calls and fending for themselves. If all Government billeting were supported by central reservations systems, CTOs could handle the internal arrangements workload with little incremental cost.<sup>3</sup>

DoD does not exploit management information created as a byproduct of normal business operations within a CTO. CTOs have the potential to provide high quality information to military organizations responsible for authorizing travel. The value of this information would increase with the comprehensiveness of the service provided by the CTO. With one exception, performance information which does exist under current contracts did not appear to be exploited by managers at bases the Task Force visited.

## **Recommendations**

### *Government facilities*

Recommendations relating to mandated use of Government quarters and dining facilities are covered under Execution, Chapter 9. In regard to mandated use of military air, the Task Force recommends Government air not be required for TDY travel within the continental United States unless the mission requires.

### *Commercial Travel Offices*

The Task Force recommends three major changes in current arrangement practices: mandate the use of CTOs, develop a DoD standardized full travel services contract, and establish a single entity within DoD to perform the CTO contracting function. Not all Task Force members support the Task Force recommendation for a single contracting entity for CTO contracts.<sup>4</sup>

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<sup>3</sup> The Navy, in the Norfolk area, is testing a concept whereby their CTO handles the reservations portion of their in-house billeting operation. Customers must call an 800 number different from their servicing CTO, but are then guaranteed lodging on-base or are issued a statement of nonavailability. The CTO and the Navy's automated reservation systems are interfaced; this has resulted in a reduction of Navy manpower dedicated to reservations service. The Army has established a commercial reservation type system to make reservations in billeting under which travelers can call a single number (1-800-GOARMY-1) and make a BOQ or BEQ reservation.

<sup>4</sup> There is concern that centralizing contract administration would result in a loss of service at installation level due to an unresponsive, remote bureaucracy. Those in the minority recommend tests be conducted and results evaluated before a recommendation is submitted. See Maj Nona Mapes' 15 Dec 1994 minority report (App B).

We recommend travelers be required to use their servicing CTO, as this will ensure travelers are provided full travel arrangement services on a "one-stop shopping" basis. This, coupled with standardizing contract specifications for all arrangements with diligent contract monitoring, will ensure that customers of the travel system are provided full services when, where and in a form convenient to the traveler. Detailed specifications for the standardized CTO contract are listed in the Transition Plan for Arrangements (Part II, Chapter 4). Generally, the Task Force recommends CTOs provide:

- *All reservations* for transportation; Government lodgings, to include Government contract quarters; commercial lodging; and rental cars.
- *"Should-cost estimate"* for the traveler and management of what the trip should-cost (based on arranged transportation and lodgings, plus the authorized amounts for per diem for the locality of the TDY).
- *Single order/itinerary/estimate/disclosure/voucher form* based on authorization from the commander, that combines the functions of the current TDY travel order, itinerary, relevant trip-related information; and voucher.
- *Round-the-clock "help" service via an 800 number* for the traveler to use to make necessary changes to arrangements while on a TDY trip.
- *Shared amounts from commissions* paid by travel providers.
- *Negotiation of volume discounts* with commercial vendors.
- *Linked management information systems* with Government-sponsored contractor-issued travel card company to provide management information on booked versus used arrangements to management and tracking shared commission amounts.

The specifications we are recommending do not characterize most CTO operations in place today. Contracts will have to be rewritten to include provisions requiring all these services--delivered with quality and timeliness--before travelers can reasonably be required to use the CTO. Some of the criteria which must be met in order to implement the CTO use model include:

- *New or renegotiated contracts* incorporating recommended specifications detailed in the Arrangements Transition Plan in Part II, Chapter 4;
- *Quality standards and performance measures* for service to the customer; and
- *Aggressive contract monitoring to ensure compliance* with the standard contract specifications.

Only through standardizing contract specifications can the Department ensure all necessary arrangements are delivered to the customers of our system. Without it, travelers are left without a travel delivery system.

Among the many benefits of these recommendations is the ability to develop a single-entry system, in which traveler information is entered *once*, at the beginning of the authorization process, updated as required by changing mission conditions, and then sent to offices (finance, transportation, and budget, for example) that use this information in different ways. The information and itinerary the CTO produces as a by-product of their reservations system could become the replacement for TDY travel orders as we know them now.

Further, the changes recommended will permit travelers and commanders to make mission-based arrangement decisions. Much of the workload will shift from existing Government structures to a contractor, who pays the Government to provide these services, and provide procedural uniformity within DoD. The administrative burden (on the Government and contractors) of preparing for and responding to Service-unique requirements will be reduced; and greater opportunity will exist to establish true "corporate travel management practices" throughout DoD.

These policy changes can be effected through their incorporation in the next round of contract negotiation with CTOs. Development and provision of standard "should-cost" modules must be developed through a set of specifications developed by the Government and embedded in CTO contracts. Access to incremental information modules such as meals and incidental expense (M&IE) allowance rates developed through the existing GSA, Department of State, and PDTATAC process must be explored.

## Chapter 8 Payment

### Findings

Payment for travel takes three forms: *cash advances*, *travelers' own resources*; and *Government-sponsored, contractor-issued travel (charge) card*. Each of these methods has costs and benefits from both DoD's and the customer's points of view.

#### *Cash advances*

This is the traditional method used in DoD. Many travelers obtain (through a local finance office) a travel advance of 80 percent of authorized allowances for the approved itinerary (some commands are restricting the advance to lesser percentages). Personnel then carry cash to pay expenses or put the cash or check in a bank and use personal credit cards or checks to pay for expenses on the road. The advance is reconciled upon voucher submission. Individuals repay the Government if the advance exceeds approved expenses.

This method requires the Government float large sums of cash and create a financial disbursing infrastructure. The process imposes reconciliation costs and generates unmatched disbursements. The advance process does not generate management information about where the expenses are actually incurred. The audit trail is generated based on original paper receipts.

This method limits the requirement on the traveler to float the Government, but at a price. Travelers (or their administrative personnel support) spend time in line at the finance office with a set of orders in hand to receive a check or cash for the approved amount. Then additional time in line is spent to cash the check or convert cash to traveler's checks. Finance office hours do not always accommodate travelers' needs. Not having finance and disbursing offices within walking or driving distance make this option hard on the traveler. With the regionalization of finance and disbursing offices, the infrastructure that supported cash advances at the base level will likely disappear.

#### *Traveler's own resources*

Requiring travelers to finance Government-directed travel with their own funds imposes no upfront administration cost or float on the sending organization. Although the Government saves such costs, this approach is not at all in its best interest. This method produces no management information, and creates a requirement for back-end data collection from receipts and other sources, an inefficient and limited process. Most importantly, relying on personal assets of DoD personnel to finance Government directed travel does not ensure mission support. Travelers do not always have the financial wherewithal to meet that requirement. The organization would pay through the poor morale of personnel. This option is impractical and fundamentally unfair for a significant proportion of personnel traveling on DoD business.

*Government-sponsored, contractor-issued individual travel (charge) cards*

The current card contract is with the American Express Company (AMEX). In July 1994, AMEX reported that about 693,000 cards were issued to DoD personnel.<sup>1</sup> To DoD, the card is a flexible instrument that supports no-notice mission requirements with minimum administrative cost. It permits finance and disbursing office infrastructure to be streamlined. Standard use of the card would greatly reduce the potential for unmatched disbursements and would eliminate requirements for finance offices to collect travel advance overpayments. Use of cards would improve agency cash management. Maximized use of the Government travel card would provide management information that could be used to negotiate volume discounts, shared vendor commissions and, under the current contract, generate rebates of .65 percent of vendor charges back to DoD.

The card gives the traveler flexibility and reduces time in line at finance offices. The current card provides protection for the traveler,<sup>2</sup> and it provides travelers an essential tool to deal with standard commercial practices. Hotels, rental car companies, and even military housing offices will not make a reservation or, in some cases, provide any service without a credit card number. Personnel without travel cards traveling on Government business risk not being able to get services they need to do their job. Finally, vendors use Government travel cards to ensure that Government negotiated rates (e.g., airlines and rental cars) and tax exemptions are given only to qualified individuals.

*Who has the card?*

Management currently restricts access to the Government travel card. DoD policy guidance is that frequent travelers--defined as personnel taking two or more trips per year, who are GS-9 or E-7 and above--should be given Government travel cards. The card may be given to lower ranking individuals who are likely to travel at least twice a year. Practice varies by Component and by type of personnel.

**Number and Percentage of DoD Personnel with Travel Card, July 1994**

Component	Total #	%	Active		Reserves	%	Civilians	%
			Dutv	%				
Army	147,491	10	46,627	8	17,063	3	83,801	29
Navy	122,934	15	37,661	8	11,260	10	74,013	30
Marine Corps	14,478	6	11,705	6	989	2	2,414	15
Air Force	251,060	31	161,254	38	31,412	16	58,394	30
OSD/Def Agencies	44,146	29					44,146	29
<b>Total DoD</b>	<b>580,109</b>	<b>16</b>	<b>256,617</b>	<b>16</b>	<b>60,724</b>	<b>6</b>	<b>262,368</b>	<b>29</b>

<sup>1</sup> Demographic data reflects AMEX data that could be matched to Defense Manpower Data Center records. An additional 89,000 records could not be matched. Detailed discussions are contained on the next page.

<sup>2</sup> \$200,000 life insurance is provided for door-to-door travel and baggage claim coverage is provided (\$1,250 for carry on and \$500 for checked) under the existing contract.

As a general rule, the lower the grade, the less likely the individual will have been issued a Government travel card. (Lower graded personnel are also less likely to have personal credit cards or are less able to carry costs out-of-pocket.) As of July 1994, only 12 percent of the total active duty enlisted force had cards. Only the Air Force has a standard policy to issue cards to all travelers irrespective of rank. For instance, 24 percent of active Air Force enlisted members had cards in July 1994 compared to 5 percent or less in the Army, Navy and Marine Corps. In July 1994, the Air Force issued policy to provide travel cards to all travelers. Similar DoD-wide policy is under development.

Fear of abuse is the frequently cited reason for not making travel cards more available. This concern in part reflects a paternalistic culture toward enlisted personnel. The facts do not bear this out. As of July 1994, only about 1 percent of DoD card holders had delinquent payments that were late 90 plus days. Among active duty personnel, less than 2 percent had 90 plus day delinquency rates, regardless of rank. Among current DoD personnel where AMEX and DoD data matched, only the Selected Reserves had 90 plus day late payment rates above 2 percent of total card holders. Selected Reservists accounted for 10 percent of card holders, but 23 percent of the 90 plus aging accounts.<sup>3</sup> This phenomenon may reflect part-time nature of service, limited support structure, management information deficiencies, slower reimbursement cycles, as well as other factors.

*Who runs the program?*

In part, management resistance to expanded Government travel card availability reflects concern that DoD infrastructure to manage the card is not fully in place and AMEX performance in providing management information has not met DoD needs. Current AMEX information on DoD card holders is poor. Matching DoD American Express data files with DoD personnel data files revealed that of the total 693,000 card holders, only 604,000, or 87 percent, could be matched to DoD records. Of those, 19,000 were personnel who were separated from DoD rolls. An additional 61,000 AMEX records (6 percent of the total) included no social security number and thus could not be matched to Defense Manpower Data Center (DMDC) records. This population had a 1 percent 90 plus day delinquency rate, consistent with the DoD-wide population. Finally, about 28,000 cards had complete social security numbers that did not match DMDC files and this population had a 90 plus day delinquency rate of 18 percent. This population appears to account for a large percentage of delinquent accounts. DoD must address these "irregular" cards and develop safeguards to better screen card issuance.

One reason for this situation was that management oversight structure did not transition when DoD changed from one card company to another in 1993. This structure, called an hierarchy, links information on card holders by unit, command and Service to account program coordinators. That hierarchy provides an effective framework to quickly identify delinquent

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<sup>3</sup> This data includes card records that could be matched to Defense Manpower Data Center data.

payers to the appropriate chain of command for action. As of July 1994, the percentage of DoD card holders identified in AMEX hierarchies was as follows:

Army	80%
Navy/Marine Corps	35%
Air Force	60%

**Recommendations.** Overall, the card program will be successful if both management and travelers see the advantages of its use. DoD should incentivize its use by both organizations and individuals. Four aspects of the card program must be improved to create such incentives: *management information, rapid reconciliation (claims settlement), partial payments, and flexible policies.*

*Management information.* The charge card company must provide accurate, timely, and user friendly management information for management to be willing to rely on this business practice. With evolving technology, AMEX will have the capability to provide data on disks that program coordinators can use for many purposes, e.g., appropriateness of charges, spending patterns, matching billings with CTO bookings to ensure shared commissions, and negotiating vendor discounts. Information may also help control abuse through AMEX and Component partnerships, which would provide timely management information to support a well publicized DoD usage policy. For management information to be useful, however, card holders must be assigned under an hierarchy of program coordinators. Program coordinators' responsibilities must be clear and personnel must be adequately trained.

*Rapid reconciliation.* Charge card bills come monthly, and payment is due upon receipt. While no interest is incurred on these bills, a traveler's charge privilege is subject to suspension after 60 days of nonpayment. The card is subject to be revoked if payment is 120 days overdue. For DoD travelers, voucher settlement, by and large, occurs only when the travel is complete and the voucher is processed. Simplifying the rules regarding computation, which require both changes in entitlements and administration, is paramount to reducing cycle times. Electronic fund transfer (EFT) use is growing, accounting for about 25 percent of vouchers paid in DoD. Using EFT to pay vouchers will reduce the cycle time. Use of split disbursement, with payment directly to the card company for the large cost items (hotel, rental car, and airline tickets) with remittance to the traveler of the residual is an option that will take the "sticker shock" out of use of the card for DoD travelers.<sup>4</sup>

*Partial payment.* While policy recommends that personnel on lengthy TDYs (45 days or longer) file partial vouchers every 30 days, practice varies. Personnel on lengthy TDYs who are not able to file vouchers until the travel is complete will be in a late payment status unless special arrangements are made. Service administration of travel cards must consider the special needs of personnel in lengthy, critical and demanding TDY assignments who have no control or ability to

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<sup>4</sup> Split disbursement--where the servicing finance office, at the traveler's election, would pay both the travel card charges and the traveler--is feasible now, but systems and procedures have not been worked out across all elements involved.

respond to commercial billing cycles and protect these personnel from adverse credit record or disciplinary actions that could result from apparent late payment.

*Flexible policies.* Finally, the cards must support mission needs. If DoD is to take advantage of the benefits of cards, flexibility in approach is necessary to meet the variety of needs. For instance, the general practice may be individual cards. However, unit cards issued for specific periods with specific limitations may be useful for serving infrequent travelers. This would parallel existing procurement instruments in many respects. Additionally, some missions may be better served by retaining existing central billing systems for airline tickets. Although ease of use and timely voucher processing are key to gaining acceptance, the card must be accepted in places where DoD personnel are sent, and there must be other options, such as use of automated teller machines (a feature of the existing contract).<sup>5</sup>

#### *What's the Payoff?*

DoD would realize substantial benefits through maximum travel card use. Use of DoD travel cards would improve cash management by reducing the amount of cash tied up in advances and cross disbursing. If DoD takes advantage of the direct vendor payment provisions of the existing card contract, cash management benefits could be further enhanced, because of the incentive to reduce delinquent accounts. DoD could also increase rebates from AMEX. If all long distance transportation, lodging, and rental cars were charged to the Government card, the .65 percent rebate in the current card contract would be about \$15 million annually (compared to about \$5 million in FY 1994).

DoD could use accurate data on rental car and lodging use patterns shared with CTOs to negotiate better rates. This data is also critical to reduce costs through CTO refunds from rental car and hotel companies. The potential cost reduction from hotel/rental car commission sharing is about \$35 million annually. Lastly, the use of electronic records produced by travel cards could potentially reduce the requirements for paper receipts and attendant storage requirements. Management information generated by maximized use of travel cards could even provide ways to reduce the actual number of trips, through the identification of travel patterns.

To take advantage of the card's many benefits, commanders and supervisors, travelers, and providers must share a common understanding of the benefits of the card and expectations of how it will be used. The benefits of the card should be promoted. Expectations about using the card should be part of the regular orientation of military and civilian personnel. Moreover, the financial incentives (shared rebates and discounts) should accrue to the traveler's sending organization. We must promote that outcome, provide strong program management and oversight, demand the charge card company satisfy management information requirements, communicate the policy and benefits to both managers and customers, and shorten reimbursement cycles to support use of the card.

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<sup>5</sup> Up to \$500 a day/\$1000 per week may be drawn from ATM machines at the charge of 2.75 percent of the value drawn. Also, the AMEX contract offers "ATM in your Pocket." These are travelers checks issued in advance. The charges against the individuals card occurs when the traveler cashes the check. The cost is 2.75 percent of the value cashed.

## Chapter 9 Execution

### Findings

The actual performance of travel is normally straightforward. However, Task Force focus group participants identified the following areas as those that cause problems while performing travel: mandated use of Government facilities, city-pair contract flights, unexpected changes in arrangements, authorization of rental cars, and phone calls home. Service providers indicated there is a problem with travelers not "showing" to use services which have been reserved for them.

*Government facilities.* The Services have large structures devoted to billeting, messing, and transportation. By and large, these assets work well for deployment and training travel--for which they were in part designed--but frequently impinge on the ability of the business traveler to accomplish a mission. They also drive complexity in reimbursements. Where their use makes sense, such as in training environments or on traditional military operations, they perform a valuable service to commander, travelers, and the Government. However, availability of Government assets is capricious, and at times mandated use impedes the mission. A nexus of policy, entitlements, and status exists surrounding their use. This confuses both travelers and supervisors, and has led to some unusual management practices.<sup>1</sup>

*Government billeting.* Current law and DoD policy require maximum use of on-base billeting, on the basis that the cost is less, which is not always the case. The actual costs of billeting are not usually paid by the traveler, as the prices are artificially set--they do not normally include the cost of construction or of appropriated funds used for their support. Even when the nonavailability of Government billeting is confirmed through the reservation process, travelers must go in person to get a signed nonavailability statement at that base housing office in order to have the cost of commercial lodgings reimbursed. Likewise, teams are broken up on occasion as travelers are generally billeted by rank rather than as part of a group.

*Government mess.* Current DoD policy requires that military members in a travel status (but not civilian employees) use available Government dining facilities. When Government dining facilities are available for military members, the meals portion of the per diem allowance is reduced.<sup>2</sup> The JFTR prescribes three exceptions: if the order-issuing official or commander certifies use of the mess would adversely affect the mission; the mess will not be available to the traveler (the latter must be determined by the mess commander at the TDY site); or, if the mess commander certifies that use of the mess is impractical. Messing policy and procedures vary from Service to Service and installation to installation. Additionally, since messing operations on

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<sup>1</sup> For example, the Navy requires travelers to access billeting operations of any Service within a 30-minute commute of their TDY location. This requires a lot of time and driving, and is not uniformly enforced.

<sup>2</sup> The on-base meal rate is a combination of the food cost rate and a surcharge (imposed on all nonpermanent party members including TDY travelers). Both are computed annually by OSD and reflect broad average costs for food and dining facility operations. The Navy is experimenting at five installations with paying the food costs plus incidental allowance only.

installations usually fall under a different administrative element from quarters providers, unusual applications result. In some cases, nonavailability of mess for officers is not extended to enlisted members traveling with those officers; in others, where billeting wasn't available, meals in the mess were still considered "available," which required the traveler to return to the installation to eat meals (since the meals portion of their per diem allowance was reduced to reflect the cost of meals in the mess), even though additional transportation costs resulted to travel between the hotel and mess.

Both the policies and their local application variations cause a tremendous amount of confusion and generate a great deal of documentation. While flag officers self-certify availability for mess when on TDY, other military travelers require a separate entry on the order, a separate form, or reference to another document that contains information on availability of messing facilities is required. Task Force focus group participants related that even when the appropriate statements are included in the order, some finance officers still require a statement from the TDY station official to support payment of the full meals portion of the per diem allowance.

Food service operations on installations are built and operated for permanent party enlisted members and those temporarily assigned to an installation but not in a per diem status (i.e., basic trainees, enlisted members attending training following basic training). They were not intended to be accessed by transients unless required by mission (for example, units undergoing an exercise or deployment).

*City-pair contract flights.* Many view the requirement to use contract city-pair flights as an irritant. Travelers advised they could often get cheaper fares on their own. They feel the contract with the carriers doesn't allow for exceptions or the exceptions are too difficult to get, and they feel the time and inconvenience to them for using a city-pair flight is not considered. Policy implementation at local levels, rather than the policy itself, appears to be the problem, though it has adequate built-in flexibility. For example, the travel authorizing or approving official may authorize another flight if the traveler's time is an overriding factor, or if the flight times do not support the mission, or in cases where transportation cost to/from the point of embarkation/debarkation added to the flight cost is more than the cost of another flight. The reasons must be documented, however. In some cases, Component program administration has embedded in CTO contractual requirements that other than city-pair flights will not be booked for their travelers under any circumstances. GSA (who negotiates city-pair contracts for all Federal Government), however, is making changes to better consider travelers' time and convenience in their current negotiations, which will necessarily cause DoD to re-examine many of its practices in this area.

*Changes in arrangements while on TDY.* It is often unclear to travelers what actions they may or may not take when arrangements must be changed in mid-trip. There is no standard within DoD. Several scenarios exist. The traveler may have access to a CTO to make the changes; the traveler may risk reimbursement for personally booking arrangements they sense are authorized; the Component concerned may mandate no changes in accommodations be made until the original order is endorsed (at the cost of delaying the travel); or, the traveler may incur the

expense, but upon return to the permanent duty station, must acquire an after-the-fact amendment or endorsement to the orders to attach to the voucher before reimbursement will be made.

*"No-shows" for reserved accommodations.* After arrangements have been made, the TDY is sometimes canceled. The traveler is responsible to cancel the reservations, but sometimes fails to do so. If reservations have been made through the CTO, the CTO checks with the traveler if the travel package has not been picked up by the agreed date. This safeguard ensures in most cases that reservations are released back to the providers. Travel service providers advised, however, that in the case of commercial lodgings and rental cars, when arrangements are made personally by the traveler or administrative personnel, the reservations often are not canceled, and the traveler simply does not "show." While DoD policy is to reimburse the traveler for reasonable costs they incur in preparation for a TDY trip that is canceled, the industry incurs a cost for which they receive no payment. It was reported that the no-show rate for DoD customers for commercial lodgings is about 10 percent, which is consistent with the private sector. However, different from the private sector, the administrative costs hoteliers incur in attempting to recover the cancellation fee when the Government is involved exceeds the fee itself, and therefore, they abandon attempts to collect. For rental cars, the Government car rental no-show rate varies depending on the rental location; the industry average for Government rentals is 25 percent, about 15 percent above that for corporate business renters. No-shows occur for car rentals for many reasons. In some cases, cars are not picked up because the trip is canceled. More often, the traveler purposefully abandons the reservation because the rental car pick up point is off the airport, they wait in line for a time and decide to use another rental car agency, etc. The car rental companies are precluded by the car rental agreement negotiated by the Military Traffic Management Command (MTMC) from requiring credit/charge card guarantees at the time of reservation, as is common practice with hotels. Therefore, there is no monetary incentive for the CTO or the traveler to make sure the car rental company has been informed of the change in plans.

*Rental cars.* Rental car authorizations are at the discretion of the travel authorizing or approving official. There is no consistency among the DoD Components in regard to these authorizations, as there are no DoD-issued management guidelines on application of the authority. Many travelers perceive the authorization is not based primarily on the traveler's needs, but rather on the availability of TDY funds. When a rental car is authorized, travelers are often inconvenienced by having to pick up the car off the airport. Often, the pick up location comes as a surprise to the traveler. Finally, some travelers on TDY in on-base billeting for extended periods of time find it disconcerting not to be authorized a rental car for any period during their stay (for example, a rental car for one weekend during a 4-week TDY was cited by one focus group as reasonable).

*Phone calls.* Reimbursement for phone calls made while on TDY depends on an official in the traveler's supervisory chain certifying the call was "official." There is no standard across DoD Services for determining whether calls home during TDY constitute an official call. Travelers complained about this lack of a fair and consistent policy. Travelers felt a reasonable amount of phone calls home during TDY would be fair. To complicate this issue, since GSA authorizes phone calls home under certain circumstances and DoD has not implemented those provisions,

this is a union negotiable entitlement for DoD civilian employees. Employees under a negotiated agreement on this entitlement are reimbursed, while their military counterparts often are not.

## Recommendations

*Consider mission, not status of traveler.* Supervisors would determine the appropriate status of the mission and direct the travel arrangements accordingly. Supervisors would then be able to ensure mission-appropriate arrangements. Deployment and training travelers would be put into facilities that best suit their mission, whether on or off an installation. Paper statements of nonavailability for messing and billeting would be eliminated.

*Government facilities.* Use of Government facilities should be directed only if it supports the mission. Recommend travelers on *business travel* never be required to eat in Government dining facilities, and if they choose to do so, no offset to the meals portion of the per diem allowance result. When use of Government quarters is directed, recommend nonavailability of such quarters be documented by the CTO by entering the facility-provided confirmation number on the itinerary form when arrangements are made. No further communication with the quarters should be required. This eliminates paper statements of nonavailability.

*Changes required to arrangements while on TDY.* Recommend all changes in accommodations be made through the CTO 24-hour 800 service. When that is not possible, the traveler will be trusted to make the required changes (charged to the Government travel card, if possible), and the travel voucher approval by the travel authorizing or approving official will suffice to support reimbursement. Recommend the travel-expense approval by the supervisor replace mid- and post-trip amendments/endorsements to orders.

*"No-shows."* DoD needs to take measures to reduce no-shows, perhaps through improvements in contractual arrangements to address options to guarantee reservations with a charge card with penalties for no-shows, and provide information to DoD travelers regarding no-shows. Mandating all reservations be made through the CTO would help toward resolving the no-show problem for both the hoteliers and rental car companies. These costs to the industry are not minor, and in the end, they surely are reflected in rates negotiated with the Government. Being better customers of travel service providers will be a win-win situation for them and the Government in the long-term.

*Rental cars.* Rental car authorization should remain the decision of travel authorizing or approving officials. However, DoD travel management guidelines on rental cars must be developed to standardize application of the authority across DoD. The guidelines should stress that travel authorizing or approving officials need to consider travelers' local transportation needs. For example, if a traveler is going to be in commercial lodgings 5 miles from the TDY location and the taxi fare will be \$15 one way, it makes sense to authorize a rental car at \$30/day if the traveler would prefer a rental car. When a need for a rental car develops in mid-trip, travelers will call the CTO to arrange the needed rental. Post-trip approval of the decision by the travel authorizing or approving official on the voucher will suffice to support reimbursement.

*Phone calls.* Reimbursement for phone calls to the traveler's family/home should remain the decision of the travel authorizing or approving official. However, DoD travel management guidelines such calls should be developed and issued. Phone calls to family/home are, within reason, a cost of the mission and, within reason, should be reimbursed.

*Empower travelers, commanders, and CTOs.* Travelers should be able to receive telephonic approval from their supervisor for changes or, in the absence of a supervisor, to make common-sense decisions about changes. Ideally, they should be able to call their CTO's 24-hour help line, speak to a representative familiar with both the original itinerary and DoD travel policies, and make any changes at once. The CTO could advise the traveler when he or she is asking for arrangements that are not consistent with policy, update the itinerary (which would speed the reconciliation process), and confirm alternative arrangements. The supervisor would confirm or deny the traveler's arrangements on the voucher. Simplified policies and entitlements--and rules regarding what are now called miscellaneous reimbursable expenses, such as telephone calls--would vastly assist the supervisor.

## Chapter 10 Reconciliation

### Findings

The reconciliation process includes travel voucher submission and approval; review, computation, and processing by the finance office; settlement of the payment with the traveler; and updating accounting records. Our review of DoD travel processes identified many concerns from both customers and processors.

*Timely reimbursement and easy voucher process.* Customers report these are critical satisfaction issues. Focus group data indicates they are among the most important concerns to DoD travelers. Scores averaged 4.7 and 4.4, respectively, on a scale of 1 to 5, with 5 being most important. Among the data collected was information on how long it took travelers to fill out a voucher and be reimbursed for a trip. Travelers reported that to fill out a travel voucher averaged 6 hours (at the best base, the average was reported as 1 hour). Reimbursement cycle time was reported as averaging 15 days after voucher submission (at the best base, the average time was 4 days). Personnel on lengthy TDY in some Services reported that partial voucher settlements were not an accepted practice. Consequently, reimbursement often occurred long after travel was completed.

To initiate the reimbursement process, the traveler or the administrative support individual typically types or hand writes a DD Form 1351-2, "Travel Voucher," a six sheet carbon paper form. The form requires much of the same information required by the DD Form 1610, "Request and Authorization for TDY Travel of DoD Personnel." Because of the specificity of the entitlement policies, the traveler is required to indicate on the travel voucher detailed information regarding the trip. The form requests detail on date and time of day of the trip itinerary; means and modes of travel delineated by Government transportation request, Government transportation, commercial transportation at own expense, privately owned conveyance and whether the mode was automobile, motorcycle, bus, plane, rail or vessel; reasons for stops delineated by awaiting transportation, leave en route, mission complete, authorized delay, and temporary duty; number of meals delineated by breakfast, lunch, and dinner (with further delineation whether the Government provided those meals); and accounting classification, which is the same as the information on the travel order. The form requires information on reimbursable expenses by date, nature of expense and amount. Additionally required are identification of telephone calls and certification by an approving officer that such calls were necessary and in the interest of the Government. Information also is requested on the traveler's leave in terms of days and hours. The form must be signed by the claimant, and in some DoD Components, must also be signed (approved) by the authorizing official.

*Receipts.* While current regulations require receipts for all expenditures for items of \$25 or more, some commands require receipts for expenses of as little as \$1. Some require that receipts be presented in special ways (e.g., pasted in the center of an 8 x 11 sheet of bond paper, one to a page) so that the finance office can microfiche the record. This is also the point in the process where copies of nonavailability statements for billeting and messing (if military) must be

submitted. Retaining and producing the required receipts, and documented records (e.g., "in and around" mileage), adds tasks that are focused on administrative control to ensure no misuse of funds rather than on the mission the traveler was sent to accomplish.

*Voucher submission.* Once the traveler completes the voucher, multiple copies are typically required. Some travelers reported that six copies of the completed form and attachments were the standard. Queuing at metered copying machines that limit the number of copies that can be made was cited as slowing the process for voucher submission.

The traveler's voucher (once it finally gets processed through internal administration) is forwarded to a finance and accounting office for computation, review and disbursement of funds. The process is error prone. Travelers and administrative personnel report the paper process and the detail of information requested leads to frequent reprocessing of documents. For instance, at one base, a study indicated it took an average of 28 processing days before a voucher reached the finance office.<sup>1</sup> Once there, one-third were returned to the traveler for errors.

While there is wide variation among the Services, and indeed, from one installation to another within the same Service, in the current system, the traveler generally submits a paper voucher which in most locations is then entered by a clerk in a local or regional finance office into a computation module that calculates the allowable reimbursement. Currently, there are about 3,000 finance clerks involved in travel claims processing. The most frequently used computation module currently used is the Integrated Automated Travel System (IATS). This is commercial package, designed for finance offices and requiring specific training. Finance clerks are challenged by illegible hand writing, incorrect fund citations (or other information), and uncertainty over what are allowable expenses.

The voucher computation process frequently involves manual reentry of data and interpretation of what is an allowable expense (as opposed to what is claimed). Clerks are under pressure to keep up with the workload and at the same time understand the detailed interpretations of the JFTR and JTR, as well as different Service policies. Turnover among personnel and system complexity make the process unpredictable. Because the current system holds the disbursing officer personally liable for improper payment, there is an incentive to have multiple reviews of the computation. For instance, the current process often involves 100 percent audit/review before approval for disbursing.

Once the computation is approved, accounting is updated and disbursement is made to the traveler. If the traveler received an advance and owes money, a collection letter is generated.

### *Accounting*

Travel transactions comprise a significant part of unmatched disbursements within the Department. A recent Navy review showed that their 166,000 unmatched travel transactions were 22 percent of the total number of unmatched transactions, but only 1 percent of the total dollar value of unmatched disbursements. The average value of the unmatched travel

<sup>1</sup> As reported by a finance officer at Camp Lejeune.

disbursement was \$337. Researching and resolving unmatched disbursements is labor intensive, and therefore, expensive. The causes of unmatched disbursements are:

- Separate travel order and travel claim settlement processes that require re-keying of the same information into various systems.
- Lack of automated order writing systems with automated interfaces into the accounting systems.
- Overly detailed fund citations that are frequently in error or illegible.
- Temporary duty travel funded from multiple accounting classifications. Orders may cite local funds, other unit's funds, centrally managed funds or any combination thereof.

Accounting systems used to record travel transactions are tracking levels of detail exceeding OMB and Treasury requirements for general ledger and reporting. For example, the Services establish detailed breakouts for various categories of expenses related to travel. Major activities within each Service may establish more detailed breakouts of travel related expenses. These breakouts are unique and primarily are used for other than accounting purposes. Although the accounting lines contain much detail, the accounting systems do not produce timely accurate management information. Information gaps occur due to cross disbursing, loss of detailed information as accounting data is consolidated to higher levels for reporting purposes, and slow processing.

There are several hundred financial systems within DoD. The Defense Finance and Accounting Service (DFAS) currently is working to substantially reduce the number of accounting systems under a financial systems plan. Travel funds are accounted for under both general fund and business fund accounting systems. Each DFAS Center uses or supports multiple accounting systems.

*Disbursement.* Currently, about 75 percent of the travel vouchers are paid via check or cash. About 25 percent are made through electronic fund transfer (EFT) to the traveler's bank account. EFT costs about \$.06 per transaction compared to \$0.36 for a check. Also, EFT cuts cycle-time--overnight for electronic transaction compared to three day mail service for checks--and reduces a step for the recipient (e.g., standing in a finance line or cashing a check). Split disbursement to the travel card company is an option that would further reduce burden on the traveler, but that option is currently not exercised.

## **Recommendations**

*The supervisor who authorizes travel approves voucher.* Establish arrangements/itinerary upfront for the obligation of funds the supervisor approves. Use the should-cost estimate of the itinerary as the basis for the reimbursement approval. Simplifying TDY travel entitlements and

providing a user-friendly presentation are necessary to facilitate supervisor approval of the voucher. The supervisor must trust the traveler, and vice versa.

*Use single source data entry starting with the authority to travel as the basis for reimbursement and automate the process.* The process should provide for matching travel authorizations and reimbursement requests and centrally-issued passenger tickets. The automated flow of information should capture the should-cost estimate at the time the itinerary is set, update the itinerary as changes occur, and finalize the computation after the traveler completes the voucher. The computation (which could be done either internally or by the CTO--options should be tested) should be provided to the supervisor for final review and approval. This would include examination of the supporting documentation. Ideally, the computation product should provide supervisors with a flag to highlight exceptions to the initially approved should-cost arrangements. The single information flow process should allow for a seamless and simultaneous update of orders and voucher approval of expense. The system should be certified to allow for routine approval by supervisors when no exception or other requirement has been flagged. Supervisors should have discretion to approve actual expense within broad parameters. Ultimately, the entire process should be electronic signatures with paperless flow of information to the disbursing office.

The system should have embedded performance information to permit higher level review and analysis of trends, policy compliance, etc. Management reports should be generated for specific threshold issues. Also, it should have embedded prompts such as automatic notification of traveler when expected travel is complete but voucher is not submitted. The system should notify the traveler when paid and provide for a tracking system that will allow travelers, payment offices, etc., to determine the status of any voucher.

*Simplify and minimize receipt requirements.* To achieve a paperless system, the receipt review and retention process should stop with the supervisor's approval of the voucher. The receipts would be retained with the traveler. Travel card and CTO records would provide the rest. Receipt threshold should be increased to \$75. Were the standard form of payment the travel card, an electronic record of the charge would suffice as a receipt at any time from the card company. Receipt retention should be no more than that required by Internal Revenue Service (e.g., three years instead of the current record retention of 6 years and 3 months).<sup>2</sup>

*Simplify accounting.* Travel accounting must be simplified and made more accurate by funding all or as much travel as possible at the organization level and using one element of expense--TDY. Organizational funding of travel orders would reduce the volume of cross disbursements within the Department. Funding at the local organizational level would require some budgetary adjustments to support the change in funding procedures. Use of one standard expense category should be directed rather than the current OMB requirements<sup>3</sup> Other management information systems (MIS), such as those from card companies and CTOs, should provide management level detail on type of expenditure as a by-product of the arrangements and payments systems. Use of the travel card for advances will reduce unmatched disbursements and

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<sup>2</sup> This length of time is driven by the Barring Act, not DoD policy.

<sup>3</sup> Joint Financial Management Improvement Program, Travel System Requirements (FF MSR-3), January 1991.

post travel collection actions. Simplified accounting lines will facilitate automated interface with accounting systems.

*Base payment on electronic information.* The approved voucher should be transmitted via electronic information to disbursing offices, as that capability becomes available. Audit and review should be based on random sample selected by the disbursing office.

*Use EFT with split disbursement to the card company and traveler.* The traveler should have the option to elect on the voucher to have the Government pay the card company directly for authorized charges with residual expenses remitted to the individual. Ideally, big ticket items like card charges for airline tickets, lodging, and rental cars, should be disbursed directly to the card company.

## Chapter 11 Accountability

### Findings

*Internal Controls.* Internal controls are essential for responsible stewardship of public funds. Basically, they provide reasonable assurance that obligations and costs comply with applicable laws; that assets are safeguarded against waste, loss, unauthorized use, and misappropriation; that revenues and expenditures applicable to DoD operations are recorded and accounted for properly to permit the preparation of accounts and reliable financial and statistical reports; and that program and administrative functions are efficiently and effectively carried out in accordance with applicable laws and management policies.<sup>1</sup>

*Travel Systems Requirements* issued by the Joint Financial Management Improvement Program (JFMIP) state that the travel system must be able to track the status of orders and vouchers as they go through preparation and approval. The system must incorporate travel and transportation authorizing documents, including fund certification, preparation and authorization of travel advances (if used); and computation, preparation, and approval of travel vouchers. Travel transactions must be recorded in chronological and systematic order. Documents must be placed under document control, tracked, and approved for payment. The system must document travel information so it is easily available for analysis, decision support, operation control management, and external regulatory reports. The system should support the ability to produce travel information and control the process of travel and financial data.<sup>2</sup>

The GAO Policy and Procedure Manual for Guidance of Federal Agencies (May 1993) specifically allows for samples to be used for vouchers of less than \$2,500 in lieu of 100 percent review. This form of internal control is desirable when there are large volume, highly automated voucher processing operations, automated control procedures, electronic data interchange, and computer assisted audit techniques. Under these conditions (which would have to be endorsed by GAO), certification of vouchers can be accomplished electronically, provided appropriate control procedures are in place to ensure the authenticity of transmitted data and the data is not subject to manipulation, modification, or loss.<sup>3</sup>

The current design of the internal control system reflect detailed entitlements, complex procedures for ensuring compliance, a process of obtaining proof of compliance from decentralized provider organizations, and manual reentry of data during the steps of the process. Some combination of CTO, the transportation and billeting office, and the traveler (and administrative office) make the arrangements, in accordance with the order. The traveler then serves as the collector of the evidence that the arrangements were met through the collection of receipts and other official documents. At the back end of the process, a separate finance staff

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<sup>1</sup> Internal Management Control Program, DoDD 5010.38, April 14, 1987.

<sup>2</sup> Joint Financial Management Improvement Program, Federal Financial Management System Requirements, Travel System Requirements, FFMSR-3, January 1991.

<sup>3</sup> General Accounting Office, Policy and Procedures Manual for Guidance for Federal Agencies, Title 7, Fiscal Guidance, Transmittal Sheet No. 7-43, May 1993).

audits 100 percent of submitted expenses against orders to determine if all claimed expenses were consistent with orders and within prescribed limits. The data is then reentered into a computation module as part of a finance process. After payment is made, the paper documentation is stored for 6 years and 3 months. One study estimated that the cost of storage of TDY vouchers was \$25 million annually.<sup>4</sup>

Both the current design of the internal controls and the point at which they are exercised diffuse responsibility, impose non-value added steps and costs on travelers and system providers, provide little management information, and frequently get in the way of mission accomplishment.

## **Recommendations**

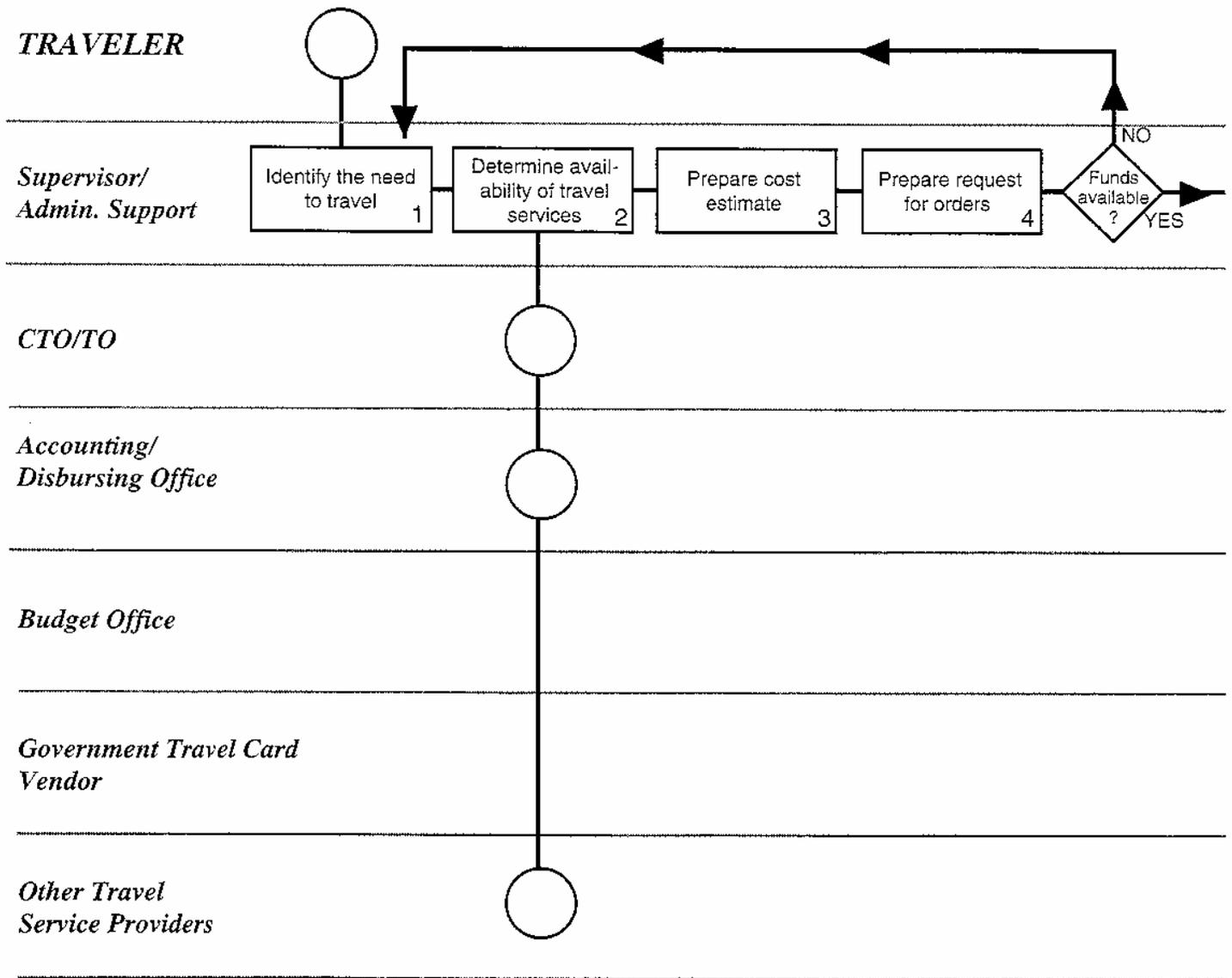
*Embed accountability throughout the system.* An alternative approach for ensuring appropriate controls is to build as many considerations into the authorizing and approval processes as possible and have it done once with the same data flowing through the steps in the process. For instance, having the need to travel and the arrangements (Government billeting/messing ) and associated cost approved, recorded one time, and funds obligated by the supervisor at the front end of the process, allows for most internal controls as part of the authorization process. No additional pieces of paper should be required. The front end process establishes the single flow of information. Upon return from the trip, the traveler would update the travel estimate with incidental expense costs and any changes in itinerary (which should be accomplished through the CTO). The supervisor certifies the trip was conducted, reviews required evidence of the trip (e.g., receipts in excess of dollar limitation), and approves expenses, which signals the accounting and financing process to update the account and disburse the funds. Random and exception audits occur based on statistical samples and expenses that fall outside of selected established parameters. Management information from travel card records and CTO systems document expenses. Liability falls on the traveler. However, clear entitlements and a should-cost estimate provided early in the process would facilitate compliance and reduce incentives for error and abuse.

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<sup>4</sup> Lt. Gregory M. Tharpe and Lt. William R. Tate, "Functional Economic Analysis of the Department of Defense Travel System," Naval Postgraduate School, Monterey, CA, September 14, 1994.

# Current DoD TDY Travel System

*Sequence of steps will vary among organizations*



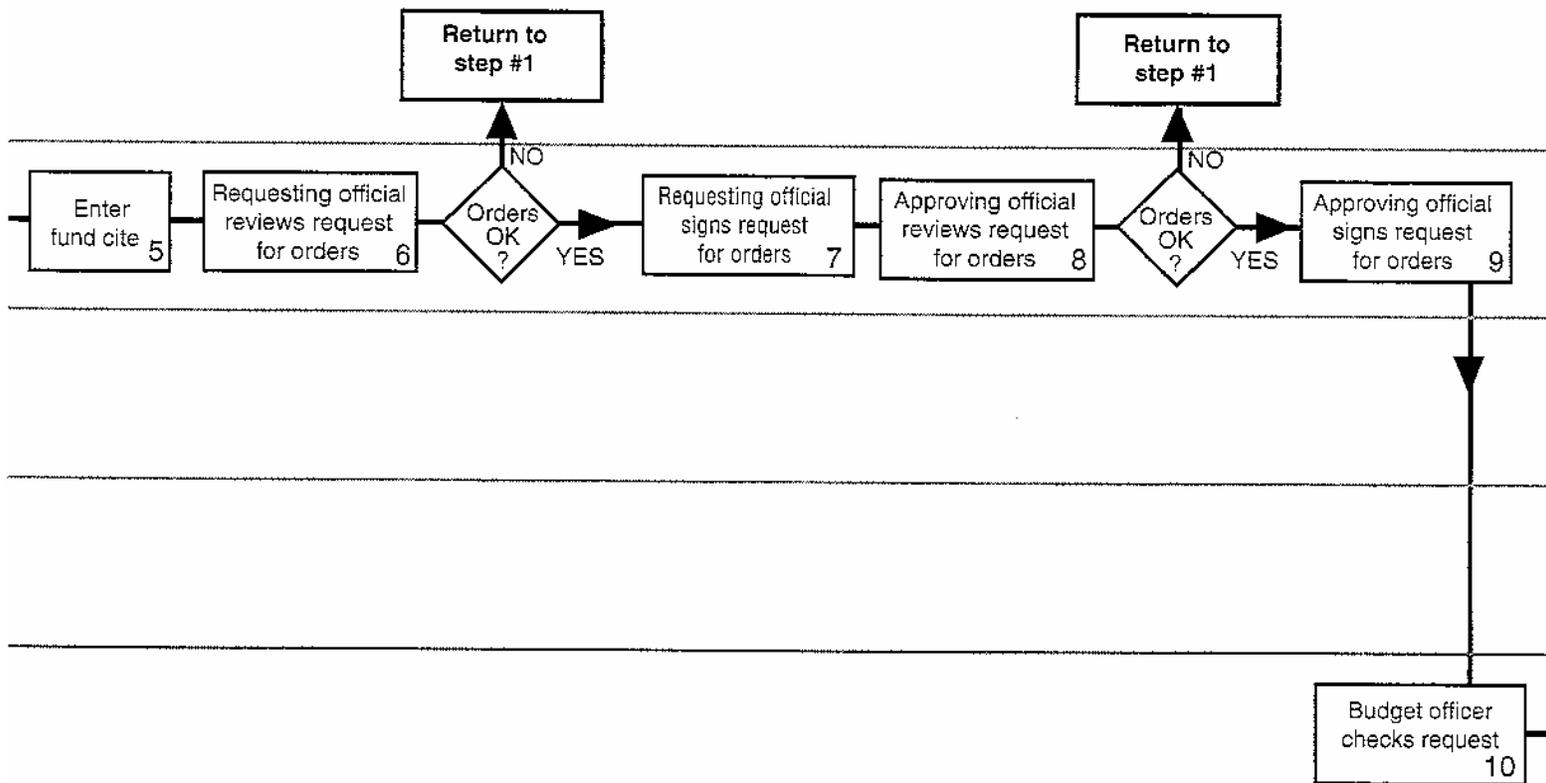
**Process**

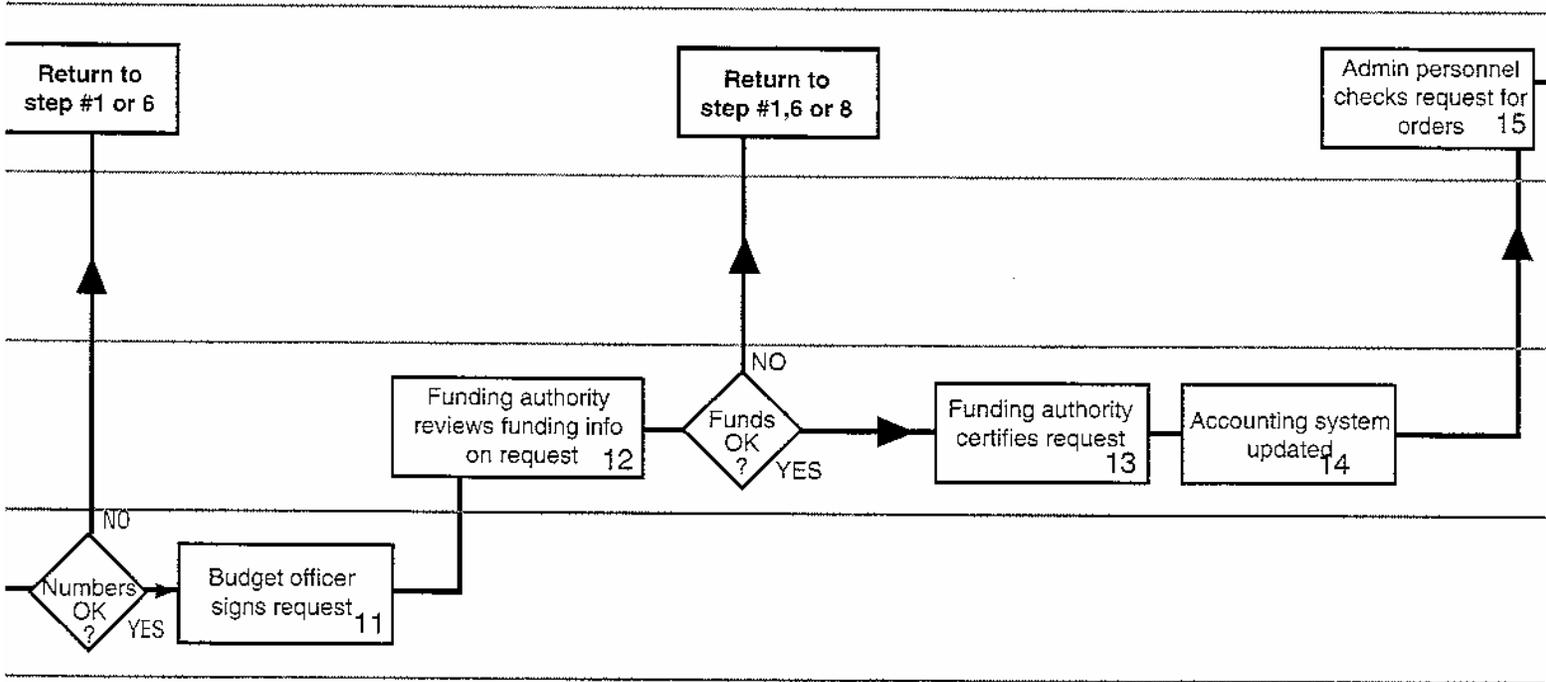
**Owners**

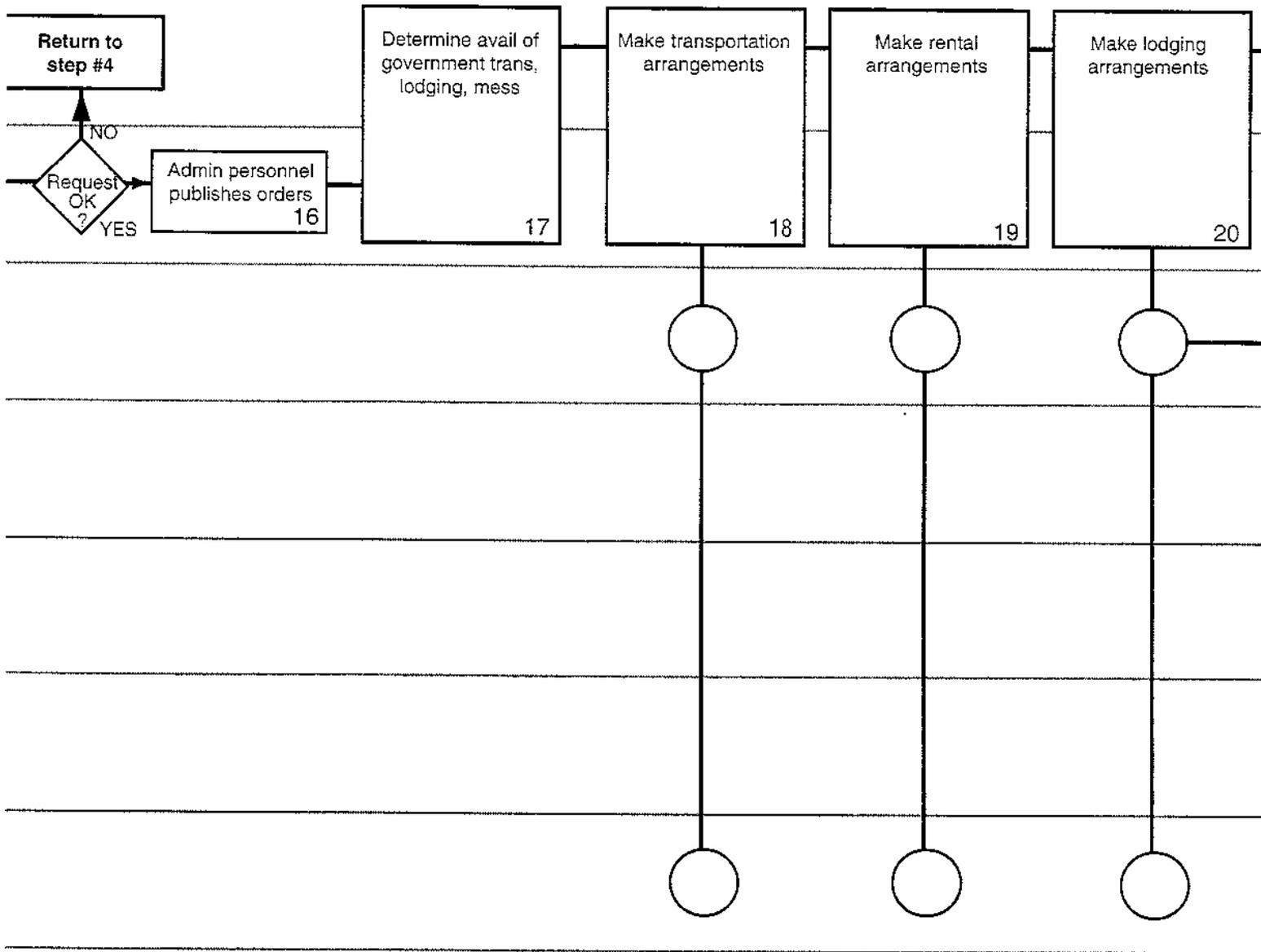
1. All charges on Government-sponsored, contractor-issued travel card resulting in a rebate based on total charges from card company paid to DoD quarterly

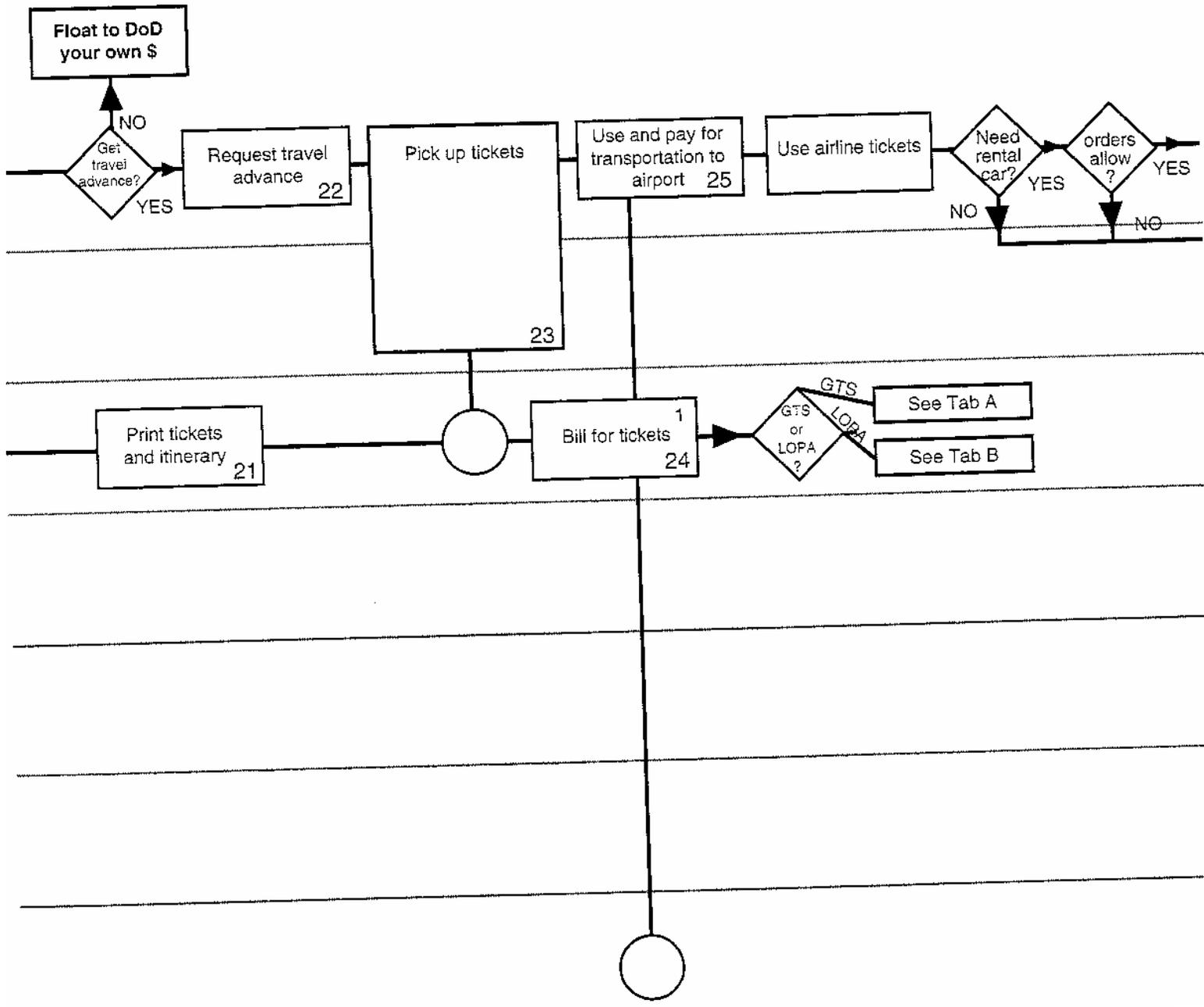
 Action step

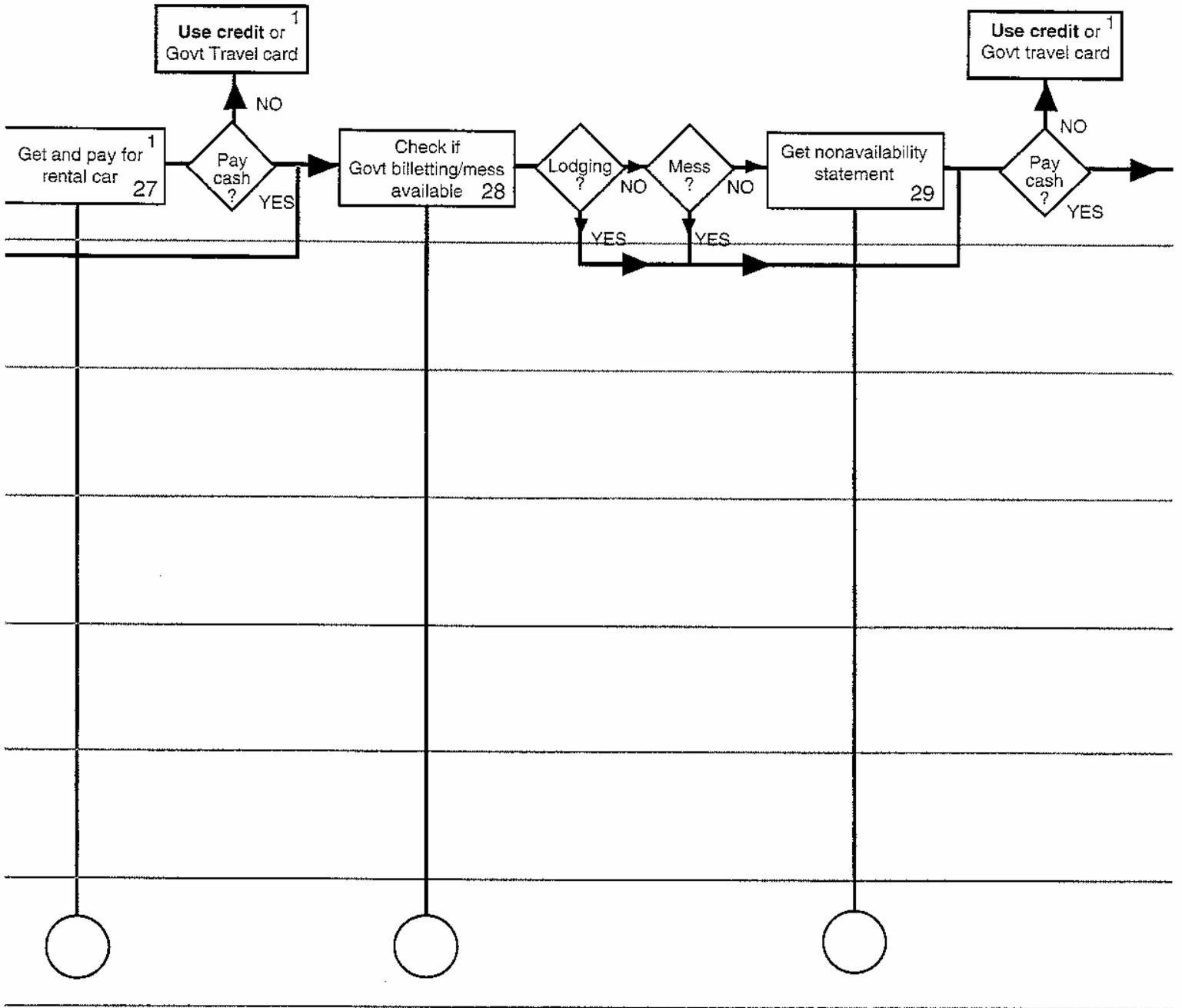
 Cooperation and coordination necessary to make system work

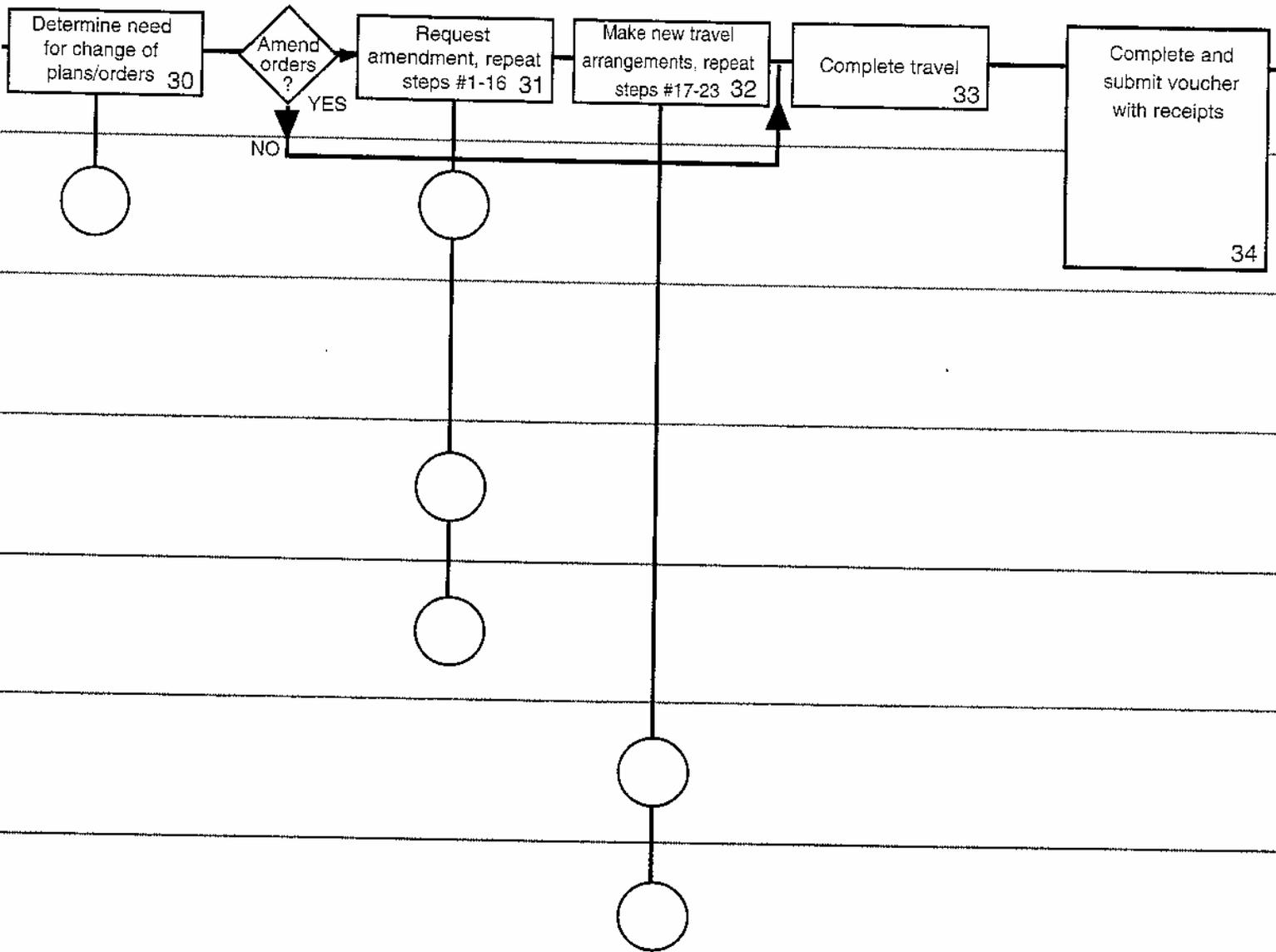


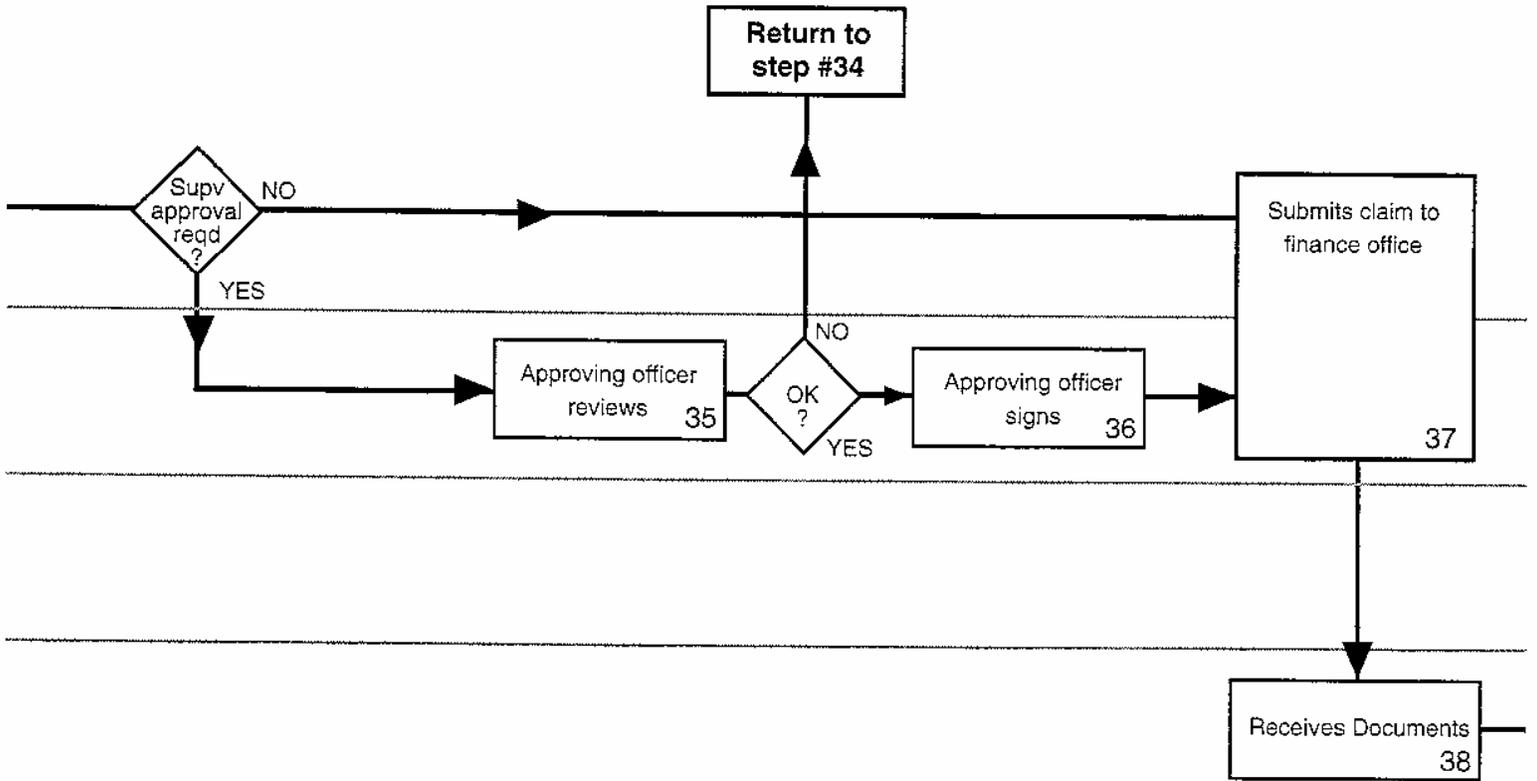


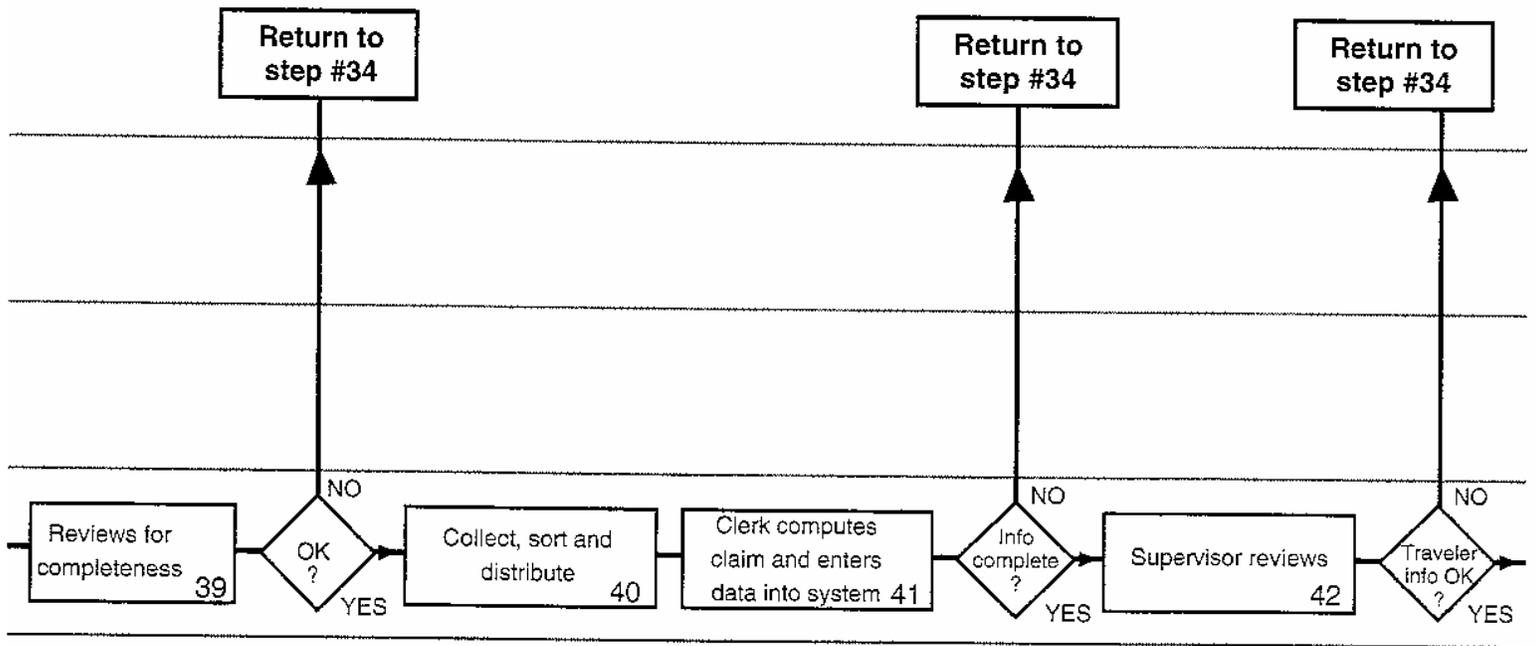


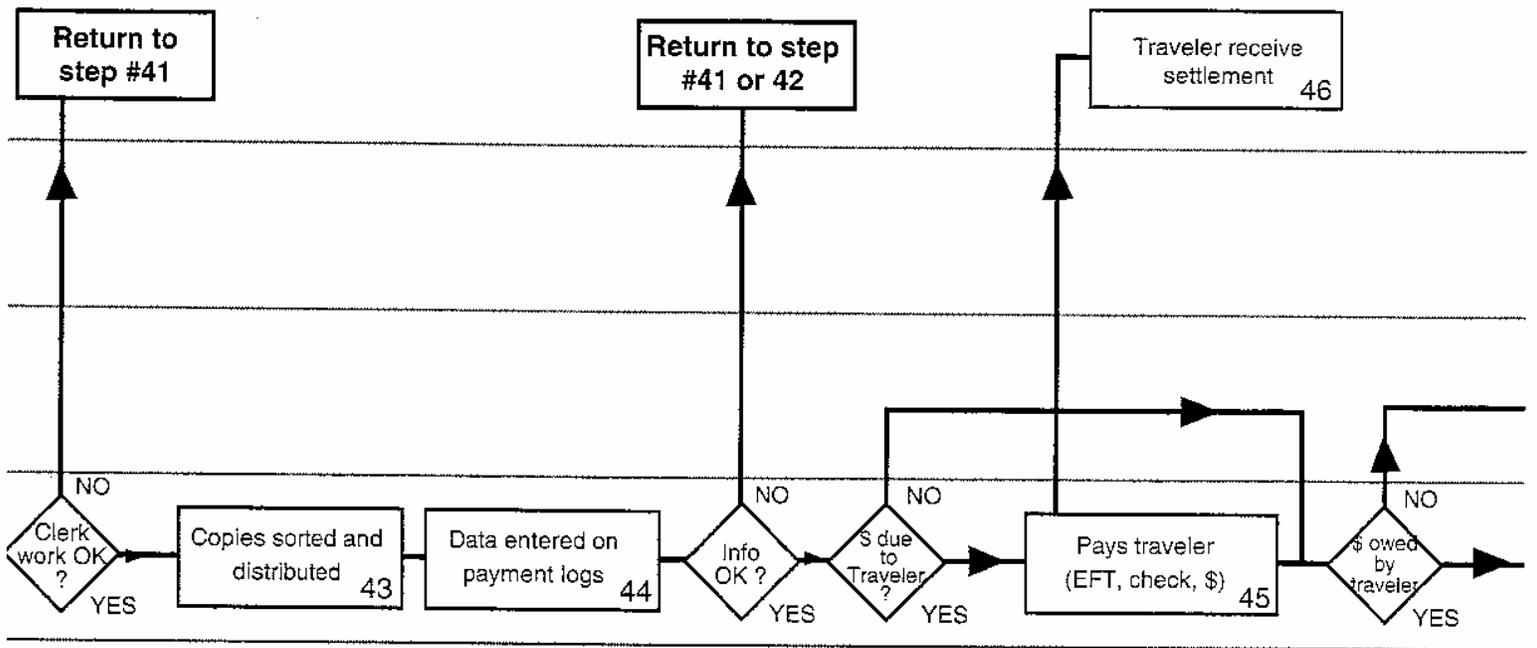


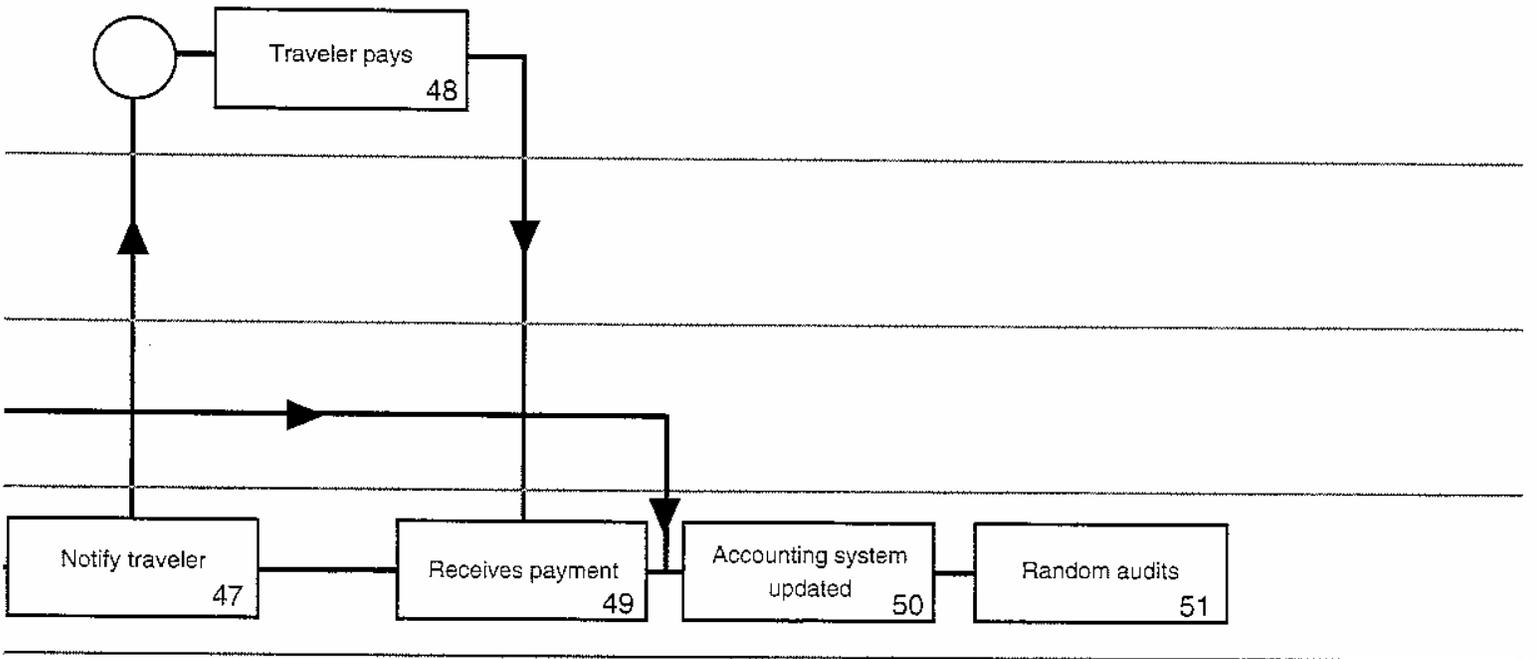




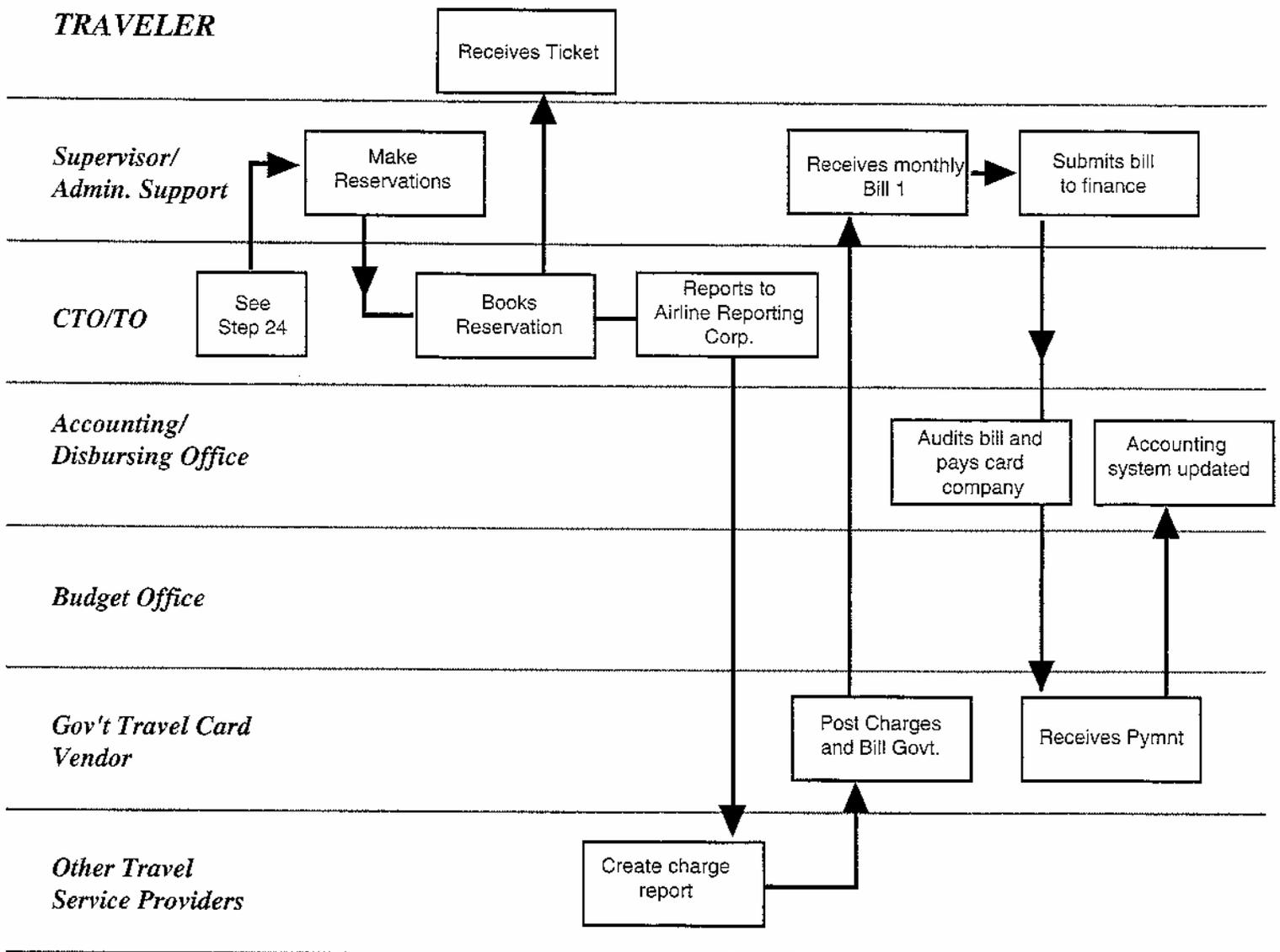








# Central Billing Through Government Travel System (GTS) Current Travel System



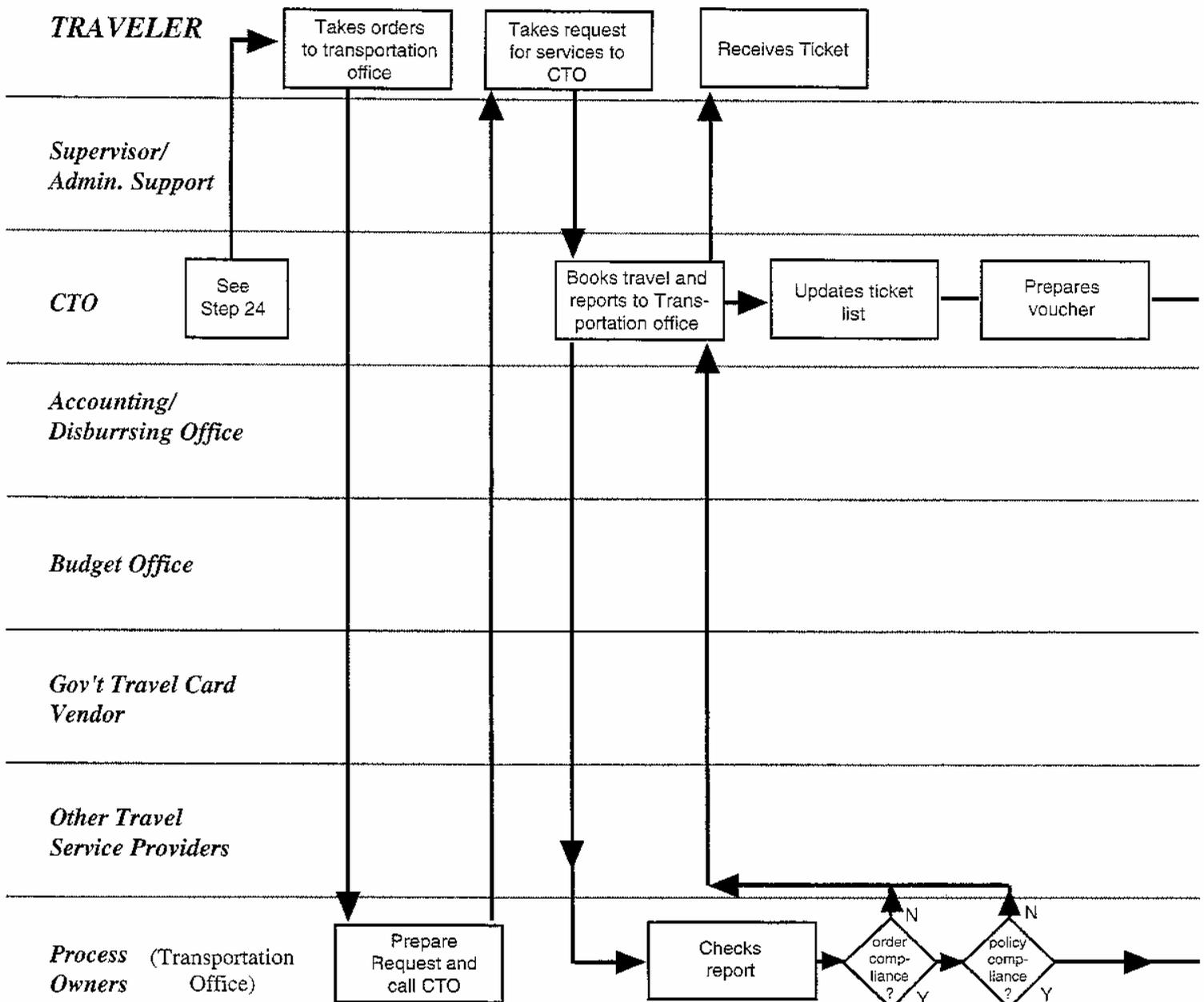
**Process Owners**

*1. All charges on Government-sponsored, contractor-issued travel card resulting in a rebate based on total charges from card company paid to DoD quarterly*

Action step

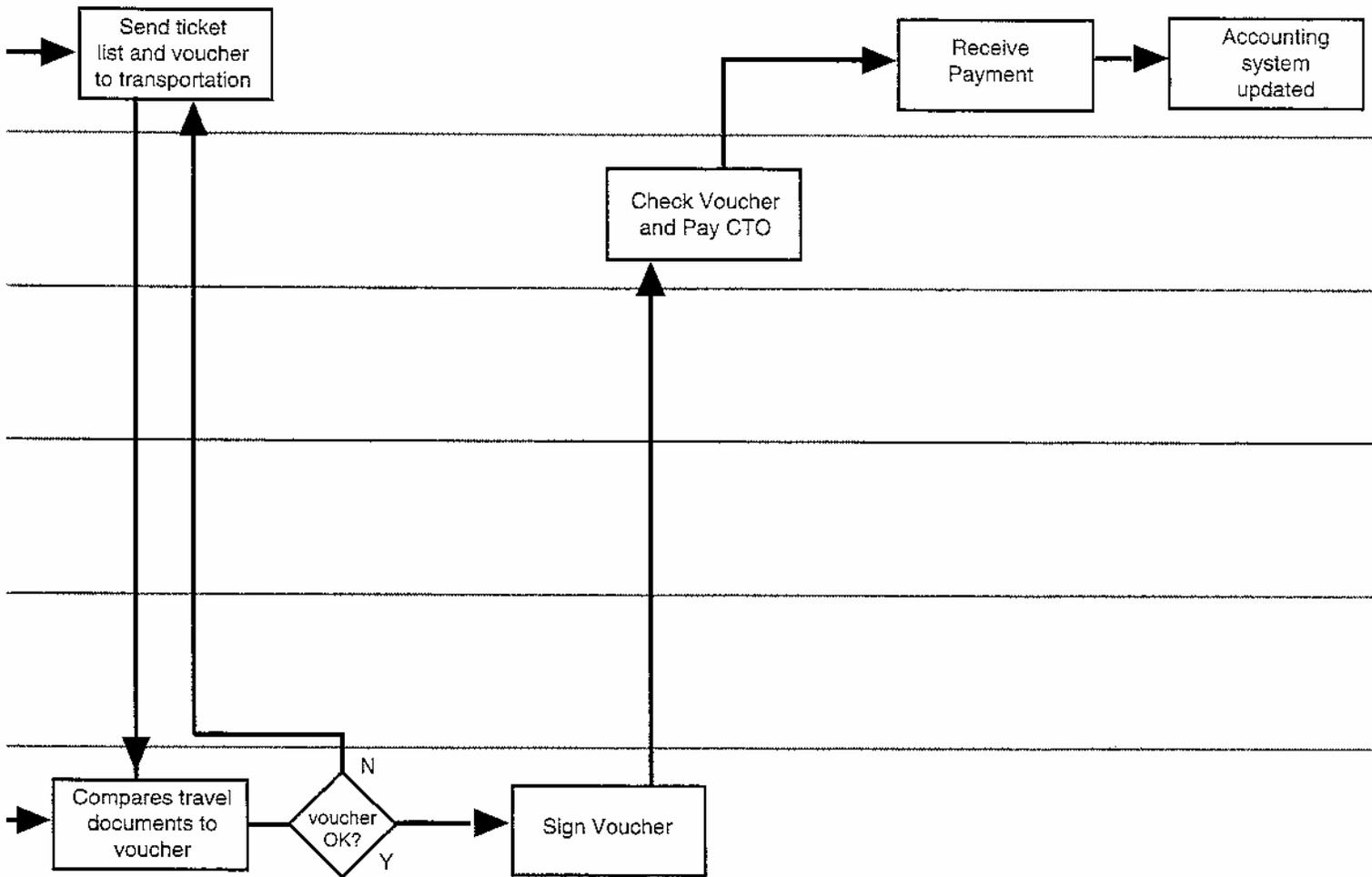
Tab B

# Local Payment of Airlines (LOPA) Current Travel System

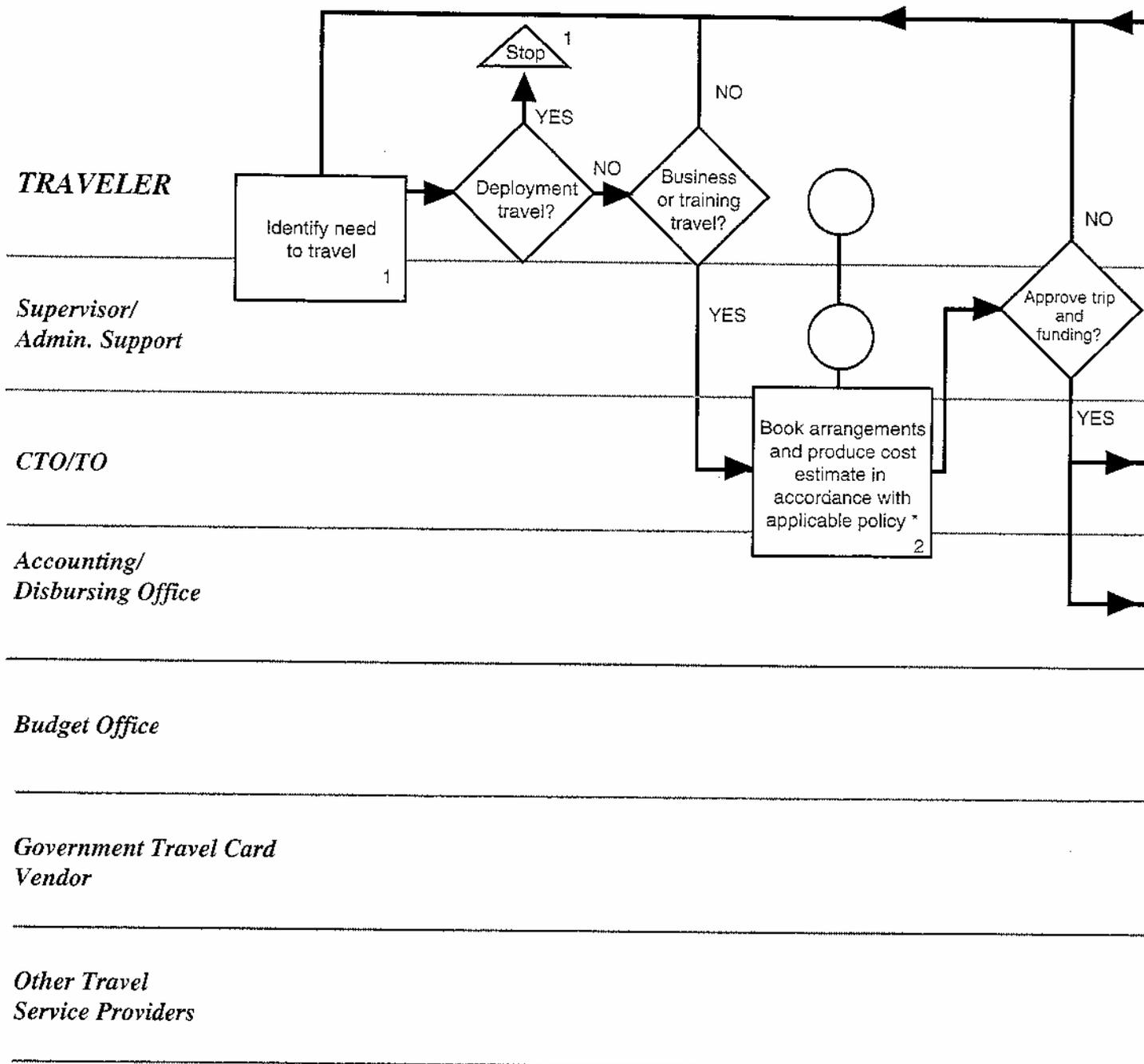


1. All charges on Government-sponsored, contractor-issued travel card resulting in a rebate based on total charges from card company paid to DoD quarterly

 Action step



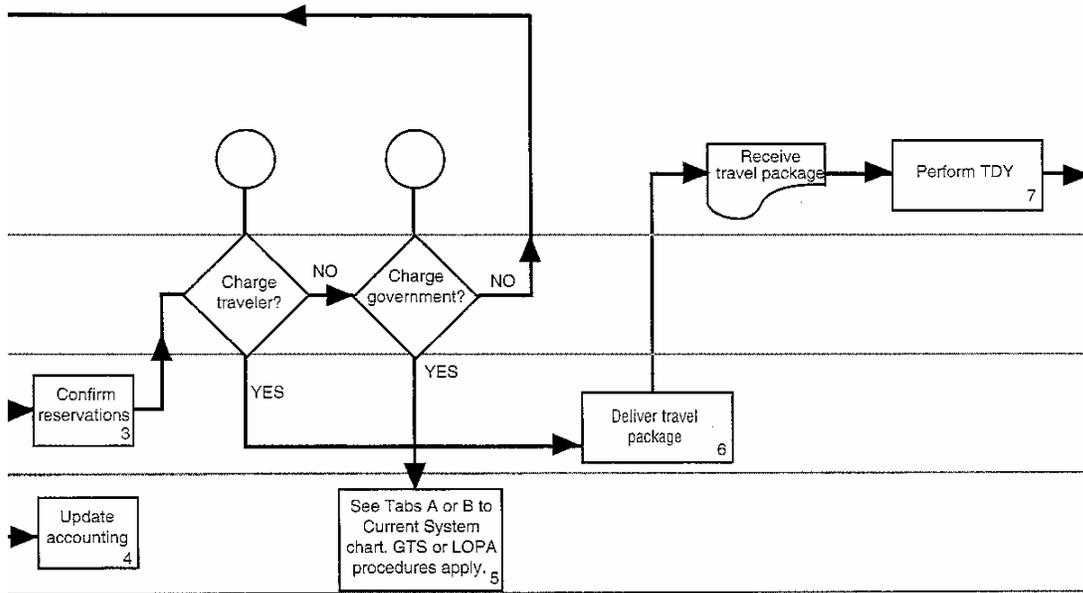
# New DoD TDY Travel System

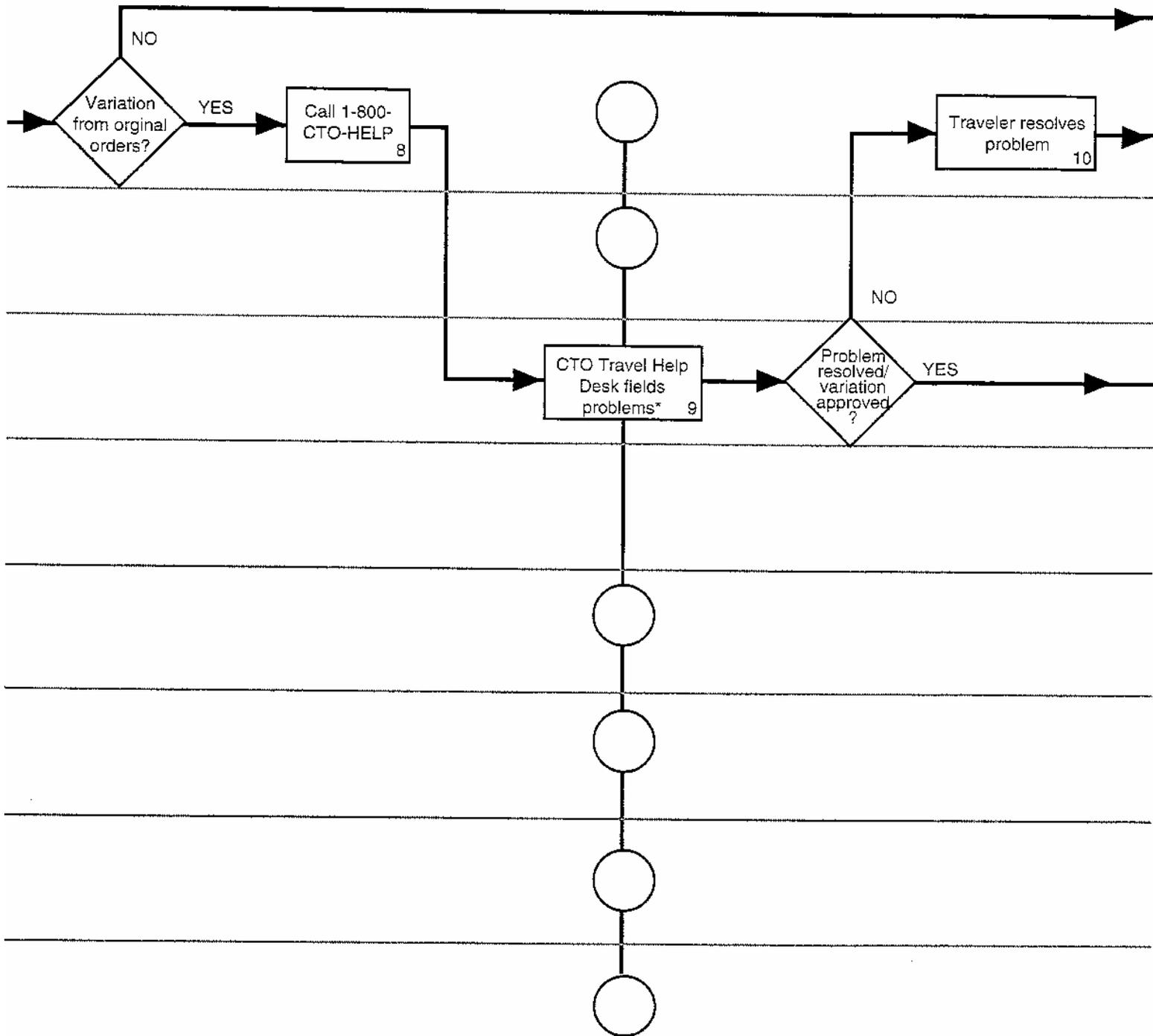


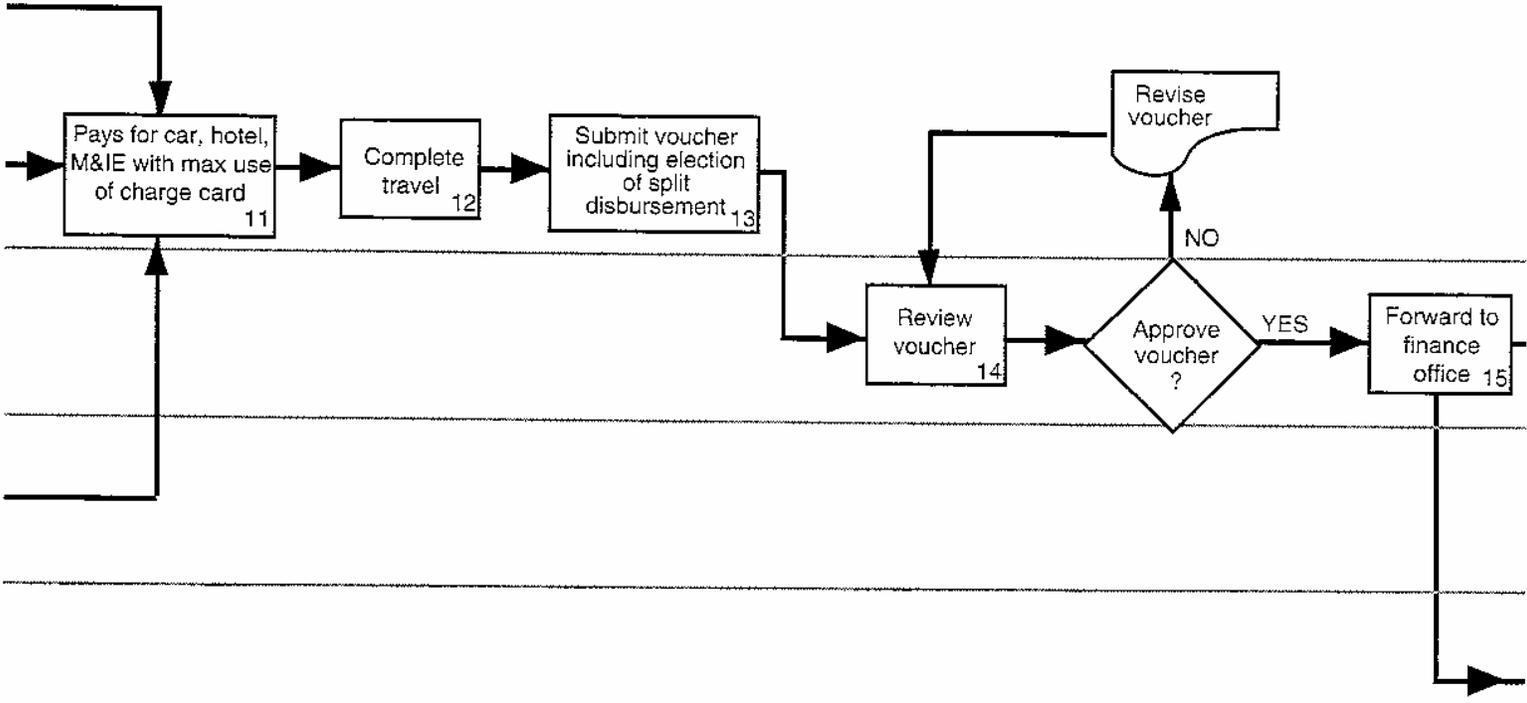
**Process Owners**

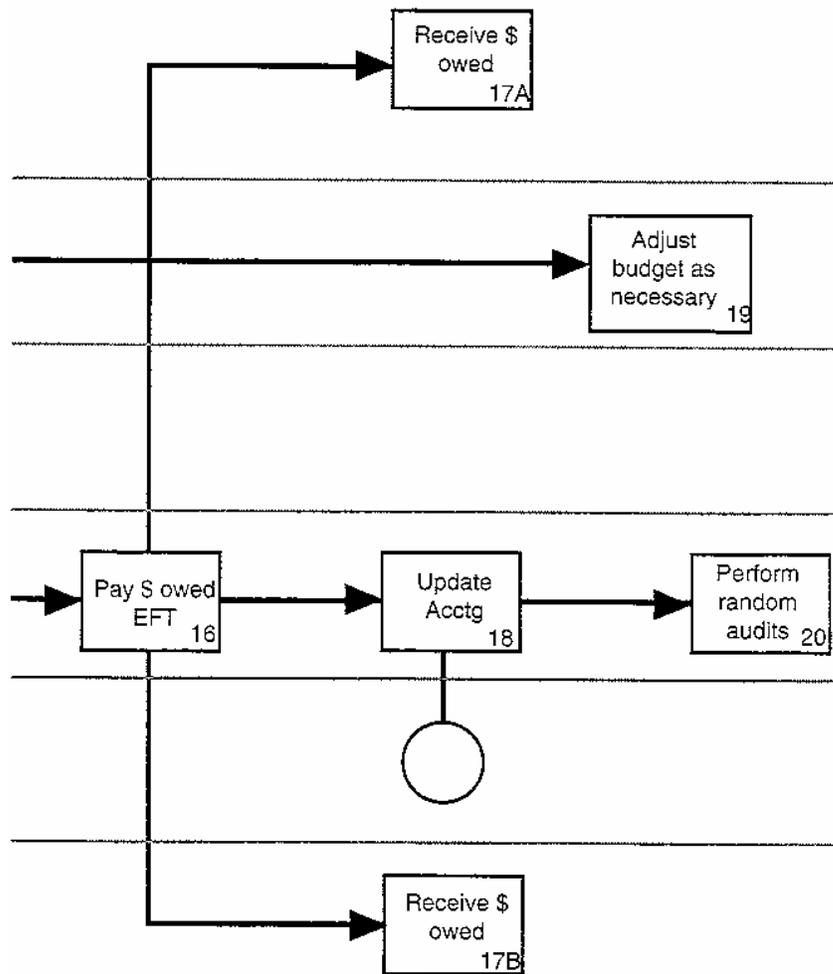
1. Comply with deployment directive (Operations order, tasking, message, etc.).  
 \* Includes policy check, decisions on optional billeting and messing availability

- Action step
- Cooperation and coordination necessary to make system work









**PART II**  
**TRANSITION PLAN**

## Chapter 1 Transition Overview

### General

The TDY Travel System envisioned by the Task Force will be realized throughout the DoD Components only if several process changes are made. These changes cut across the range of oversight responsibilities, and must be made in a certain sequence, as an integrated "set." Since the individual responsibilities for the required process changes are stovepiped in the Department, the Task Force recommends the establishment of a chartered Transition Team to oversee the coordinated transition to the new system.

In an effort to learn from those with experience in fielding a new system throughout a large organization, the Task Force held several discussions with industry leaders who have successfully implemented major changes throughout their companies. These corporate leaders stressed, and literature confirms, that far more reengineering efforts fail than succeed, even in organizations far less complex than DoD. The Department has more than two million travelers, in thousands of units with different procedures and incompatible information systems, whose travel expenses are recorded in hundreds of different accounting systems. Despite efforts to design a simple travel system, DoD's travel system will remain inherently complex in application.

The transition to simplicity is itself complex. Implementation of our recommended system throughout the DoD Components--even if brilliantly coordinated--will not be swift or easy. The degree of success in realizing the full benefits of our system vision will be in direct proportion to the effort devoted to prototyping, piloting, testing applications, and facilitating and monitoring implementation. Industry leaders offered the following advice on what is required to ensure long-term success in implementing a reengineered system in an organization. Many of the actions must take place concurrently, some in tandem, some throughout the process, and others in multiple parts of the transition and implementation phases.

*1. Ensure that senior leadership is visibly committed and active throughout the change process. Executive support often dries up in the implementation phase. It was recommended by corporate leaders that the Transition Team establish and maintain networks of internal and external "champions" to help sustain momentum through any change in political leadership.*

*2. Establish a single point of accountability for transition and implementation of the new system.*

*3. Develop a strategy for implementing the envisioned system to deliver the benefits.*

a. Identify priorities for implementation of the system whole, those pieces which can be adopted incrementally, and those pieces which can be done immediately. Oversee the coordinated implementation of those pieces by the process owners.

b. Coordinate implementation of elements in critically-matched sets (see discussion in Chapter 4 of Part I). Keep process owners focused on the overall goal, and not solely on changes they need to make in their part of the system.

c. Send teams to test sites to prototype, test, facilitate, monitor how the new system works in the controlled microcosm, and collect data on defined performance measures during the test. A "prototype," a model of the elements of a design/process, is a critical pathway to implementation. Test site personnel help develop it, and develop their own strategy for effecting changes they must make in their part of the process to support the whole. A "pilot" tests the prototype. Automation may be inserted in the pilot, but is not essential.

(1) Tailor training for people who work different parts of the process. Ensure that the whole vision, and their role in that vision, is clear to them.

(2) Create an environment where pilot site personnel understand the goal, and know what they are and are not empowered to do (clearly define boundaries, with flexibility where possible).

(3) Communicate constantly with test site participants. Ensure extensive communications and involvement of intermediate levels (organizational levels between policy makers and operators) during pilots and follow-ups for post-test continuous improvement.

(4) Establish common terms and new ways of interacting at test sites. Focus interaction of people involved in the pilot on how an action helps service delivery to the customer and what needs to change to get desired service when a complaint surfaces. Reward success in customer satisfaction, not in pieces of the job getting done.

(5) Ensure results from pilots.

d. Ensure that education about the new system, expectations, etc., is provided throughout DoD to those who will support the new system (especially to those in the stovepipes). Provide education and training on the system whole as well as where individual agencies, offices, and people fit into the new system.

e. Evaluate data and results from pilots. Then, modify and finalize the system design as necessary, in coordination with process owners, before the implementation plan is put into action.

4. *Develop buy-in from the "middle."* While senior DoD leadership is committed to this change, and people closest to the service delivery will likely be supportive, the new system will only serve the two million plus DoD travelers if those in the middle (Component headquarters, major

commands, installation commanders, etc.) makes it happen. The middle is often where things get fragmented, diffused, and lost in transition. To get buy-in here, the following is essential:

a. Market the new system to the entire DoD community. Present the global view of the new system, articulating the compelling need for changing to it. The travel system affects everyone in DoD and the new system has much to offer, including the following:

(1) It is "mission focused." It will free up people's time putting productive hours back into the mission: troop time is a valuable commodity to commanders--it equals training, which equals readiness.

(2) It will provide a quality service to DoD travelers. It is a quality of life issue since travelers experience so many indignities, hassles, and frustrations with the current system.

(3) It will eventually create spaces allowing people to be redeployed from compliance control.

(4) It has significant overall cost savings potential.

(5) It will have a positive impact on commanders, organizations, and leadership.

b. Overcome resistance to change. *Identify, understand and solve* concerns and problems by helping skeptical participants figure out how they can accomplish what they need to within the new system.

c. Understand and respect the cultural differences within the Services. Keep mission-focused and allow flexibility where possible to allow discretion to the Services where it can coincidentally serve mission accomplishment. Real, lasting change will be accomplished through consensus, gained through incentives, not mandates; guidelines, not dictates.

##### 5. *Develop new ways of doing business.*

a. Develop a common language among employees by ensuring they know what others do in the system, and how their jobs contribute to the overall mission. This allows those who work in the system to communicate about the work, the mission. This focuses them on success in achieving the mission, not on success in completing their individual task (i.e., in their stovepipe).

b. Create new structures, coordination and communication mechanisms to support the new process.

c. Emphasize that change is a continuous process. Train people to think about how to solve mission-related problems. Institutionalize continuous improvement. Change must be guided without relying on old ways of doing business.

## **Transition Team Duties**

The Transition Plans for each essential element of travel in the succeeding chapters identify specific actions to be taken, by whom and when, to move to the new system design for that travel element. The Transition Team will oversee a coordinated implementation of those actions, and will conduct pilots designed to test the whole of the new TDY system, to evaluate those pilots, and develop a strategy for moving the DoD Components to the new TDY Travel System. The following tasks do not relate to any one travel element, but are necessary in relation to testing, piloting, and implementing the new system design.

1. Complete and coordinate detailed specifications of the whole-system design and variations to be prototyped and piloted/tested.
2. Establish measurable objectives for commanders/supervisors.
3. Select test sites in coordination with DoD process owners and with Service headquarters approval.
4. Develop training for test site personnel who work within the system, customers of the system (travelers, commanders/supervisors), those in leadership positions at test sites, and stakeholders within the Component concerned.
5. Maintain interface with the DoD representative to the JFMIP Travel Policy Reinvention Task Force on Temporary Duty Travel.
6. Maintain interface with DoD process owners on ongoing GAO and Congressional investigations on DoD TDY Travel.
7. Coordinate with process owners before the start of tests to adjust elements of the system whole if required regulatory or statutory changes are not accomplished (or waivers have not been received), or required contractual arrangements are not in place; incorporate them as they are formalized, as appropriate, to ensure valid test results.
8. Ensure the travel pay portion of the system design meets Government requirements for an accountable plan, the specific random audit plan developed is approved, and questions on liability for payments are resolved before tests start.
9. Acquire PDTATAC approval of computation procedures before tests start.
10. Ensure Federal Managers Financial Integrity Act (FMFIA) requirements for DFAS review for accuracy, or GAO review of the system design, as appropriate, is accomplished before tests start.

11. Ensure critically-matched sets are in place at sites selected (through in-house or contractual arrangements) before tests start.
12. Communicate with customers and those administering the system at test sites to acquire feedback on system satisfaction (a help desk/phone line and random calls are recommended to ensure feedback from customers).
13. Monitor payments of partial vouchers for long-term TDYs (work with travel card coordinators to resolve problems as identified).
14. Monitor MIS to identify problems with accuracy and timeliness, and to capture management assessment whether it is user-friendly and includes needed information.
15. Work with local process owner representatives to ensure MIS is provided as contractually required. CTO-provided MIS will be monitored for contractual compliance by the responsible contracting officer's representative. MIS provided by the travel card company will be monitored by the responsible coordinator.
16. Monitor shared commission flow to identify problems.
17. Work with local process owner representatives responsible for monitoring compliance with contractual requirements for shared commissions.
18. Maintain liaison with unions and associations, as appropriate.
19. Maintain interface with NSA on the implementation of their reengineered TDY travel system. NSA's implementation of their reengineered travel system could serve as a pilot which, in a controlled environment, will validate recommendations in this report for application within all DoD Components. Additionally, as deemed appropriate, maintain interface with other efforts within the DoD Components to improve business practices and efforts to automate parts of DoD's current TDY travel system.
20. Monitor, evaluate, and report results of tests.
21. From lessons learned in tests, develop and provide recommendations for system improvements to process owners; for example, simplification and standardization of travel rules for long-term TDYs, travel pay issues within Reserve Components, etc.
22. Develop recommendations for system implementation DoD-wide, and on moving the Department toward an automated, seamless, paperless TDY travel system.
23. Develop recommendation on permanent coordinating mechanism, or establishment of a single point of overall accountability, for DoD TDY Travel.

## Chapter 2 Entitlements

### Introduction

The key element of entitlements formulated for the new TDY travel system is that they must be structured to support the mission, they must be simple and easy to understand, and they must be widely publicized and available to customers.

Entitlements formulated within that construct will be a great enhancement to all users of the Department's TDY travel system. It will resolve the greatest complaint about the current entitlements which is that they are a mystery to most everyone. Other than disbursing clerks, few have access to reliable information about what they really are.

Crafting the new entitlements to focus on the mission and not the traveler's status will resolve the inequities that exist in the current entitlements. Also, the new system design, in conjunction with the new entitlements, will reduce the incidence of travelers being surprised by after-the-fact collections of excess travel pay advanced to them due to inaccurate up-front estimates of what trips should cost, and in some situations, allowances being constructed after the travel occurs. Some reimbursement decisions are, and will continue to be, left to the discretion of the travel authorizing or approving official. These include rental car authorizations, determination of whether phone calls are official (and thus reimbursable), and trips home over intervening weekends when long TDYs are involved. To reduce the wide variance in application, local management guidelines must be issued on what is a reasonable application of such authorities.

### Specifications

1. Entitlements are simple enough to be understood by anyone.
2. Entitlements are based on the following principles:

- a. Travel is *mission support*

- (1) Travel entitlements should support mission accomplishment, not be organized around the status of the individual.

- (2) The Government is responsible for necessary expenses incurred as a result of Government-directed mission-support travel. Travelers are entitled to safe accommodations and a reasonable measure of comfort and convenience. Travel policy is to treat the traveler and the commander as responsible and honest customers.

- (3) The commander responsible for the mission, the travel budget, and the traveler should have broad discretion to determine the appropriateness to the mission of travel arrangements, and therefore, of reimbursable entitlements.

3. Entitlements are based on the three concepts laid out in Chapter 5, Part I, Entitlements: should-cost estimate, waiver for the Government's convenience, and waiver for the traveler's convenience.

4. Specific recommendations for entitlements to support the new TDY travel system follow. It was the consensus of Task Force members that establishment of entitlements based on the following factors will achieve our objectives to fairly and adequately compensate travelers, simplify computations, make the rules more understandable, streamline the voucher preparation process, and eliminate unnecessary paperwork. They will allow for the elimination of actual times on vouchers, the traveler and travel authorizing or approving official to accurately predict costs and reimbursements upfront, and will leave the Department with an accountable plan for Internal Revenue System purposes.

#### *Subsistence Expenses*

1. Lodgings-plus flat rate M&IE should be the standard subsistence expense reimbursement method for greater than one calendar day TDYs. Payment would continue to be based on locality rates established by GSA, PDTATAC, and State Department.

a. Day of departure from permanent duty station (PDS) will be a flat 75 percent of the M&IE allowance. Day of return to the PDS will be a flat 75 percent of the M&IE allowance.

b. No meal adjustments on any travel days.

2. Travelers will receive the flat rate locality M&IE with the following exceptions:

a. If one or two meals are provided (e.g., when meals are provided as part of a conference or similar event), the traveler would receive 50 percent of the M&IE allowance.

b. If three meals are provided (again, as part of a conference, for example), the traveler will receive the incidental expense allowance);

c. When the Service headquarters, the JCS or JTF commander, or training installation, determines that mission accomplishment requires travelers to use Government mess, travelers would receive subsistence in kind and an incidental expense allowance. Members would receive BAS in accordance with the provisions of Executive Order 11157. USD(P&R) must continue its efforts to normalize payment of BAS to members in order to simplify computation of travel voucher. Eliminate provisions for occasional meals.

3. Subsistence expense for trips not requiring overnight lodging, to include local travel, will be reimbursed when required by the mission and authorized or approved by the supervisor. The supervisor may approve actual expenses when mission conditions dictate.

4. Reimbursement on an actual expense basis will continue to be the exception based on mission requirements, or when the CTO can only make arrangements that exceed the cost of established per diem rates. The travel authorizing or approving official will have authority to authorize or approve reimbursement up to and including 150 percent of the locality rates. Expenses above 150 percent will require authorization or approval from the Service or Agency Headquarters.

5. Specified per diem rates may be authorized based on known mission factors that allow the travel authorizing or approving official and traveler to know in advance that lodgings-plus per diem is not required. The travel authorizing or approving official may establish specified per diem rates when only his or her travelers are involved in the mission. If travelers from different organizations are included in the mission, the Service or Agency headquarters responsible for the mission may authorize specified per diem rates. For DoD or related-association conferences and workshops, the Service or Agency headquarters or OSD Staff office authorizing attendance should establish specified per diem rates if the registration fee includes meals.

#### *Transportation Expenses*

1. CTO-arranged Government or commercial transportation should be the standard business practice for transportation expenses and determination of the should-cost estimate. The travel authorizing or approving official should review mission requirements, cost of the alternative transportation modes, and then the desires of the traveler. If the traveler desires to use a POV, or Aero Club aircraft, and timing is adequate, the travel authorizing or approving official must decide if use is compatible with mission requirements.

2. All CTO-arranged and any other commercial transportation should be charged to the traveler's Government travel card. As long as the ticket was purchased through the CTO and a waiver was not required or was authorized or approved by the travel authorizing or approving official, the traveler will be reimbursed for the ticket. If a waiver is needed, but not granted, the traveler will know in advance, and receive reimbursement limited to the should-cost estimate.

3. When a waiver for the Government's convenience is granted for the traveler to use a POV, the traveler will be reimbursed at a fixed rate per mile plus reimbursement for subsistence expenses for the allowable travel time. Allowable travel time will be determined based on 350 miles per day for the authorized or approved distance. The traveler will claim miles traveled and the travel authorizing or approving official would approve actual mileage or limit it to the mileage in the official table only when indirect travel is involved. Additional travel time could also be authorized or approved if needed. The subsistence expense reimbursement will be computed based on the standard CONUS rate (currently \$66), or the "other" rate applicable to the TDY station, as identified in advance by the CTO.

4. When a waiver for the traveler's convenience is granted for the traveler to use a POV, the traveler will be paid the cost of a CTO-arranged ticket--no additional allowances for transportation to/from terminals. The traveler will receive one day travel time, unless additional travel time is authorized or approved for extenuating circumstances.

5. When the traveler is authorized to use a POV within the local area of the PDS, the traveler will be reimbursed at a fixed rate per mile--no deduction for normal commuting distance.

### *Reimbursable Expenses*

1. Reimbursable expenses will be authorized or approved by the individual directing the mission and should be based on direct mission impact plus recognize the needs of the traveler.

2. Provide management guidelines to the travel authorizing or approving official and give them the authority to authorize or approve necessary expenses based on individual mission needs.

3. Provide management guidelines on the appropriateness of authorizing or approving calls to home/family during travel. Guidance should not attempt to define home/family, rather place decision with the travel authorizing or approving official. At a minimum, it should ensure recognition of the need to inform home/family of safe arrivals, medical conditions on either end, and of any changes in itinerary.

4. Provide management guidelines on the appropriateness of authorizing or approving rental cars based on overall mission effectiveness.

5. Provide management guidelines on authorizing or approving trips home over weekends/non-duty days during extended nonoperational TDYs.

**Success criteria** This will be successful when:

1. Entitlements support mission requirements, regardless of type of mission, location, or duration.
2. Entitlements can be summarized in a 15-20 page booklet that every traveler, travel authorizing or approving official, and process owner can understand.
3. Traveler feedback indicates they understand their entitlements and options, the entitlements are adequate to cover the travel-related expenses they incur as a result of making the trip, the entitlements make sense to them, and they understand up-front basically what they can expect to be reimbursed for the travel.
4. Commanders and supervisor feedback indicates they have been provided adequate information to make decisions comfortably regarding their subordinates' travel.

### **Action Plan: Key Actions**

1. Issue policy that the DoD TDY travel system will treat travelers as honest customers, who as professionals, make responsible travel-expense related decisions. (This must be embodied in the generalized DoD Travel Policy Memorandum.)
2. Recommend USD(P&R) direct formulation of entitlements for the new TDY Travel System using specifications outlined above . Specific entitlement and JFTR/JTR-related changes recommended in the Transition Plans in this Part (Authority, Arrangements, Payment, Execution, Reconciliation, and Accountability) should be incorporated. Recommend USD(P&R) issue the new TDY travel entitlements within three months as changes to the JFTR/JTR. USD(P&R) will be responsible for acquiring waivers from any external regulatory impediments required for implementation and for drafting proposed changes to governing legislative impediments to accommodate implementation. These actions should be accomplished as soon as possible through the normal coordination process, ensuring additionally, coordination with USD(C), USD(A&T) (Lodgings, Messing and Transportation Policy), DFAS, MTMC, DoDIG, and the Director, Administration and Management. Following issuance of the new TDY travel entitlements in the JFTR/JTR, Components will rescind any conflicting regulations. Future supplementation of JFTR/JTR TDY entitlements by DoD Components will be prohibited.
3. Recommend USD(P&R) direct a comprehensive review of statutes behind current treatment of members by status, in conjunction with the OSD Compensation Basic Allowance for Subsistence (BAS) Working Group and the 8th Quadrennial Review of Military Compensation. The working group should provide input, in coordination with process owners, to a legislative proposal to resolve the issue of members on TDY travel being reimbursed for meals differently based on status. This should be accomplished in time for submission of the legislation in the 1997 legislative calendar.
4. Recommend USD(P&R) ensure test authority is in place to test certain mission-based entitlements to support development of the should-cost estimate before start of pilots/tests projected for Spring 1995. (This would only apply if new TDY travel entitlements are not in effect by start of pilots/tests.)
5. Recommend USD(P&R) assist with preparation of test pamphlets and training for use at pilot/test sites. (See discussion on pamphlets and training for test sites in the Transition Plan for Execution).
6. Recommend USD(P&R), the Transition Team, and PDTATAC produce a test 15-20 page pamphlet with simplified entitlements by Spring 1995.

## Chapter 3 Authority

### Introduction

The key element of Authority in the new system is to establish standard policy and a standard business practice to link travel authority and funding authority to the program supervisors and line managers who approve travel. The commander or manager responsible for the mission, the budget, and the traveler is in the best position to make decisions about travel expenditures. Our recommendations would empower the commander or manager to do that. Similarly, they should also approve expenses submitted by their personnel. Linking these authorities and responsibilities ensures those who are responsible for mission accomplishment have the ability to make choices and use their resources wisely. The commander who approves travel must have access to accurate, real-time resource information. This management information, combined with the ability to act on it, enables commanders and managers to better meet operational mission requirements, improve service to customers, and reduce travel costs.

Currently in DoD, travel financial information is typically managed in two functional areas: the budget and the accounting and finance communities. The budget community centrally plans, programs, and budgets for organizational travel with input from the activities it supports; the accounting and finance community tracks organizational expenses after they are incurred.

Travel authorization, however, is granted at the organizational level. In the current process, the decisions on approval for the need to travel are not currently linked with either budget or accounting and finance data. This results in lengthy and costly travel approval and reconciliation processes, as well as frequently inaccurate, untimely, or unavailable financial management information to commanders or supervisors responsible for the mission. The lengthy cycle time also interferes with arrangements planning and execution.

**Specifications.** Authority to direct and approve travel and funding authority will be linked at the same level. The authority should be linked at the lowest practicable level -- the supervisor or line manager level who approves the travel would also approve the travel funding. Lower level management responsibilities would include:

- a. Annual budget execution authority (consistent with the appropriation in which the expense is resourced), without requirement for higher level approval.
- b. Ability to obligate, commit, and cancel travel funds after the first of the fiscal year for upcoming planned events, such as joint exercises. This would include receipt of fund citations and budget authority from external sources simultaneously with directed or tasked operational travel.
- c. Funds control (accounting and finance) data management, providing real-time status and update information and funds reconciliation.

d. Simplified allotments and accounting classification, so travel fund groups are consolidated to the maximum extent, comprehensive regarding intended use, and reflective only of the specific appropriation and organization.

**Success Criteria.** This element will be successful when customers are provided with more flexible opportunities for travel planning and accomplishment, and when all levels of DoD management are provided accurate and timely budget and execution information on travel management. Specific performance indicators include:

a. Establishment of new travel policy and business processes which reflect the decentralized management authorities listed under specifications.

b. Implementation of an activity-level, transaction-based MIS, using simplified accounting classifications.

c. Establishment of support to travel authorizing or approving officials is provided via real-time management information being linked to the budget and accounting and finance system. This system may consist of relational database software, for use on a personal computer, which breaks down and consolidates funds; serves as a data repository, retrieval, and tracking system; and produces a product report.

### **Action Plan: Key Actions**

1. Develop, test and evaluate a modified travel process using an integrated financial information system for travel management under different budget, accounting, and management information environments. Recommend the Transition Team, in coordination with the DoD Components and Principal Staff Assistants start in January 1995 to identify and designate test sites representing a range of operational environments to define system support needs to achieve objective. The test should run for at least a fiscal year to capture data and lessons learned on formulating, managing, and executing travel resources in this manner. Develop a program evaluation plan and track progress of implementation in DoD organizations.

2. Issue DoD policy directing decentralized travel management processes and an integrated financial information system for travel management as a goal to be fully implemented by FY 1997. Recommend Charter Signatories accomplish this within 30 days of the issuance of this report.

3. Modify budget, accounting, and financial policies on travel management. Recommend USD(C) in coordination with Transition Team initiate action on this in January 1995. Proposed modified policies should be tested. Full implementation, as dictated by the results of the DoD test, should be accomplished by FY 1997.

## Chapter 4 Arrangements

### Introduction

The key element of Arrangements under the new travel system is establishment of "one-stop shopping"-- a single point to which the traveler can go for all travel arrangements, information and hassle-free service he or she needs to complete the trip with convenience, comfort and safety. The most efficient means of achieving this "one-stop shopping" is through a full-service commercial travel office (CTO) for travel arrangements, and mandating the use of the CTOs by DoD travelers.

Currently, nearly all DoD travelers are serviced by a CTO. However, the Components have separate contracts which incorporate different requirements in some areas to the point where travelers from one Service cannot obtain ticketing from another Service's location. Further, arrangements are fragmented, with travelers often making arrangements for lodgings and rental cars themselves (most airline tickets are purchased through CTOs for DoD travelers). The Task Force recommends mandating the use of CTOs for all arrangements and developing a DoD standardized travel services contract to provide full-service. The Task Force also recommends establishing a single entity within DoD to perform the CTO contracting function. This will significantly reduce the DoD contract workload and the current cost of administering dissimilar programs currently in operation in the Services. It will also facilitate implementation of standard commercial style procedures and systems throughout DoD. Standard procedures will be the key to successful implementation of the proposed travel program. Not all Task Force members, however, support the Task Force recommendation for a single contracting entity for CTO contracts.<sup>1</sup>

For the traveler, using a full-service CTO (managed to closely written specifications and with diligent contract oversight) for all arrangements will ensure a high level of service for customers of the new TDY travel system. Moreover, for the Government, it will ensure that arrangements take full advantage for potential volume discounts, and that necessary controls and information are available. For the travel authorizing or approving official, it will ensure that arrangements are responsive, timely, and flexible enough to meet mission needs.

### Specifications

1. Mandated use of CTOs for one-stop shopping for all travel arrangements and related cost estimates.

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<sup>1</sup> There is concern that centralizing contract administration would result in a loss of service at the installation level due to an unresponsive, remote bureaucracy. Those in the minority would recommend various tests be conducted and results evaluated before a recommendation is submitted. See Maj Nona Mapes' minority report dated 15 December 1994 (Appendix B).

2. Standardized contract requirements for CTO operations and services to include:

a. Comprehensive operation of the full range of travel service to include air, water, bus, and rail ticketing; Government and commercial lodging reservations; rental car arrangements; ticket and itinerary delivery; and issuance of travelers' checks.

b. Single source data entry that supports both authority to travel and reconciliation processes (one document which encompasses order, itinerary and voucher).

c. CTO provides travel package which includes should-cost estimates based on itinerary and entitlements, to include cost of transportation, lodging (to include tax on room), and rental car; and, the per diem allowance for the TDY location(s) concerned broken out by the lodgings and the meals and incidental expense (M&IE) portions of the per diem allowance. The method by which the CTO acquires the per diem rates for input on the form is subject to the outcome of tests through which the most cost-efficient method will be determined. Exceptions to policy will be flagged for travel authorizing or approving official's approval before booking.

d. Round-the-clock help services through an 800 number, including changed arrangements to itinerary. The CTO will update the should-cost estimate with any changes in arrangements (costs thereof) made while the traveler is on the trip. Automatic flags will be generated to inform the travel approving official that exceptions or updates have been input to the initial should-cost based on changes in arrangements made through the CTO.

e. Shared amounts from commissions paid by airlines, lodging, and rental car providers credited to the applicable DoD Component's appropriation.

f. Negotiation of volume discounts with commercial vendors, particularly in high volume travel areas.

g. Provision of transportation arrangements as requested by traveler, with follow-on approval request from travel authorizing officials for exception to policy before ticketing.

h. Provision of information to military users, line managers, and contracting oversight organizations on CTO performance standards and evaluation procedures.

i. Assurance that CTO performance is measured using service dimensions important to customers in meeting mission requirements

j. Provision of management information on use and travel patterns, and interface with Government-sponsored contractor-issued travel card company for them to provide information on confirmed use of reservations for purpose of tracking shared commission amounts.

k. Articulation of policy and travel program benefits through generic information distributed as part of travel packages, with performance feedback emphasized.

l. Articulation to customers of incentives to use CTO services. These include up-front discounts on tickets, rental car, and lodging billings, realizing savings of travel dollars from shared commissions being paid by the CTO; expedient customer service through the 800 number, while on the road, precluding the traveler from having to stand in long lines when schedules change or flights are canceled.

m. Payment for services provided under contract through the individual Government travel card as the standard, but with the ability to use central billing systems as required.

3. Contracts will be written so that flexibility to use non-contract fares, non-government billeting, is the decision of the travel authorizing or approving official and the travel arrangements do not interfere with mission accomplishment.

**Success Criteria.** The success of this element will be measured by customer satisfaction or comment questionnaires, quality surveillance plans, and performance monitoring by contracting oversight personnel. Mandatory use of CTOs will be enforced through incentives developed to encourage their use; i.e., up-front deductions on billings for shared commissions paid by the CTO.

#### **Action Plan: Key Actions**

1. Issue DoD policy mandating use of CTOs for arrangements. Recommend USD(A&T) write and coordinate approval and signature of this policy statement. Conflicting regulations and policies must be changed or deleted.

2. Develop contract specifications for a standardized Statement of Work (SOW) for CTOs to achieve a single arrangements process and delivery of a should-cost estimate to travelers. The SOW should include specific performance monitoring criteria. Recommend USD(A&T) direct TRANSCOM and the DoD Services to develop and coordinate the standardized SOW for use as the prototype during tests of the new travel system. Various means for CTOs to acquire per diem rate information for use in the should-cost estimate development should be tested. Additionally, post travel computation of authorized reimbursement by the CTO should be tested at select test sites. Results of tests should be evaluated to determine the best specifications to include in contracts for future implementation throughout DoD. This must be accomplished by an integrated program team comprised of finance, transportation, and personnel representatives. To integrate financial computation requirements, recommend a process be initiated for fact finding, contractor demos, and industry forums to be completed in same timeframe as test completion. Draft SOW by November 1995.

3. Recommend a centralized procurement agency be used during testing. Further, recommend USD(A&T) select a centralized procurement agency within DoD, which would then develop an implementation plan for consolidation of travel services throughout DoD, and would act as the single entity within DoD to perform CTO contracting functions. Not all Task Force members

support the Task Force recommendation for a single contracting entity for CTO contracts (see minority report at Appendix B).

4. Develop procedures to capture payment of rebates from the CTO at the time payment is made by the traveler to the CTO, rental car agency, and lodging facility. Recommend Headquarters MTMC, the Services, and DFAS develop these procedures in concert.
5. Coordinate with DoD procurement for contract modification at the selected test sites. The Transition Team must accomplish these modifications before pilot/test starts.

## Chapter 5 Payment

### Introduction

The key element of payment under the new system is to establish as a standard business practice the maximum use of the Government-sponsored, contractor-issued travel card to pay for all major travel expenses, including transportation, lodgings and rental car; and to use the travel card for advancing funds to travelers to pay for expenses which cannot be charged on the card.

The objective is to obtain the combined benefits of cost reduction to the Government and improved service to the customer that are possible through maximum use of travel cards. Cost reductions to the Government will result from better cash management, streamlined financial management infrastructure, charge card rebates, and management information that can be used to negotiate volume discounts and support shared commissions from commercial travel offices (CTOs). Benefits to the traveler will include: flexibility obtaining travel advances and reduction in time in line at finance offices to obtain advances of travel pay, a means to deal with standard commercial practices that require a charge card for reservations or purchase of services, and traveler insurance coverage.

### Specifications

1. *Travel Card Policy.* Maximize use of Government-sponsored, contractor issued travel cards. All travelers should be issued charge cards and use them as the method of payment for travel costs, including advances, transportation, lodging, and rental cars. Maximum use should be consistently presented in all policy deployment systems and related documents, including financial management, military and civilian personnel management, and transportation management policy. Policy should limit alternative methods of payment. Infrastructure supporting alternative payment methods also should be limited.
2. *Cash Advances/Travelers Checks.* Structure DoD travel card program to meet mission needs including meeting needs for cash advances through ATM machines or using travelers checks ("ATM in Your Pocket"), to meet travelers' needs to pay for services at sites where the card is not accepted.
3. *Program Management.* Include the following in the DoD travel card program management infrastructure:
  - a. *Management Information.* An hierarchy, that organizes card holders by unit, command, service, and links organized data to DoD account program coordinators, must be fully in place to ensure management control and information at the appropriate level.
  - b. *Contractor Performance.* The card company must be able to meet customer requirements for accurate, timely, and user friendly management information. The management

information provided must be useful to DoD management to: track and control travel payments; match with CTO data to track shared commissions; and support usage pattern evaluation for purposes of negotiating volume discounts.

c. *Education and Training.* Provider and user education and training on card use must be developed and deployed.

d. *Disciplinary Procedures.* Disciplinary procedures and processes for misuse of the card must be identified, disseminated, and enforced.

e. *Incentives for use.* Travelers and supervisors must see the utility of MIS and the cost reductions to their organizations.

4. *Reimbursement Process.* Establish DoD voucher processing cycle-time to reimburse personnel and/or the travel card company within 5 days of voucher submission. This process must meet the needs of personnel on extended TDY (more than 45 days) by standardizing partial voucher settlement. Claims should be filed every 30 days when possible. This process should include the use of electronic fund transfer (EFT) as the mechanism for travel settlement to DoD personnel and the travel card company. Split disbursement should be the traveler's option.

**Success Criteria:** This element will be successful when:

- a. travel cards are issued to all travelers;
- b. alternative unit card options are developed for categories of personnel where individual cards are not optimal (e.g., recruit training, group moves);
- c. travel card management infrastructure is in place; and
- d. travel voucher reimbursement cycle time within 5 days of voucher submission.

Specific performance indicators include:

- a. Rapid establishment of new travel policy and business processes to support the issuance and maximized use of the travel card (and related services including access to automated teller machines (ATM) for cash and travelers checks) for payment of travel expenses.
- b. Management infrastructure and control are fully in place including:
  - (1) complete card hierarchies,
  - (2) clear position responsibilities/appropriate training for account program coordinators,
  - (3) management information performance criteria for the card company,
  - (4) card user training, and

(5) disciplinary policy and procedures.

c. Reimbursement cycle-time within 5 days of receipt of voucher, including for personnel on extended TDY (more than 45 days).

d. Delinquent payment trends are available and provided, as appropriate.

e. Volume and production rebates, and shared commission rebates, trends and payments are provided to the sponsoring organization.

### **Action Plan: Key Actions**

1. Issue policy that all travelers will be issued Government travel cards. Recommend USD(C) issue this policy in coordination with other process owners and Transition Team.
2. Issue policy that DoD standard business practice is maximized use of Government travel cards as the principal method for payment of TDY travel expenses. Recommend USD(C) establish an implementation schedule in coordination with the Transition Team to ensure proper sequence of implementation (this is one part of a critically-matched set.). Recommend USD(P&R) ensure appropriate revisions to the JFTR/JTR are issued to reflect this policy. Recommend USD(C) direct DFAS, in coordination with the Components, to develop the appropriate implementing procedures.
3. Develop education and training promoting the benefits of using the card and on expectations of how it is to be used by travelers. The Transition Team, in coordination with USD(C), USD(P&R), USD(A&T), PDTATAC and DFAS, will develop this education and training for travelers and travel authorizers for use at test sites. After any necessary modifications are made based on test feedback, the education and training should be fielded consistent with implementation of the new DoD Travel System.
4. Task the Components to report on the status of the card program infrastructure. Recommend USD(C) impose the tasking in January 1995, setting specific timelines for review of hierarchy, management information needs, training and education requirements, and disciplinary policies and procedures. Standard management infrastructure requirements must be set DoD-wide.
5. Issue policy mandating payment by EFT. Recommend USD(C) issue this policy in January 1995 with full implementation of voucher payment to the traveler by EFT by October 1995. The Transition Team will test split disbursement of EFT under alternative scenarios (including commercial third parties) to assess best method for recommended implementation.
6. Develop options, tests, and policies for other than individual card use (e.g., unit cards, basic training, group moves). The Transition Team, in conjunction with process owners, should develop these by February 1995 and test agreed upon options as part of pilots. The Transition

Team will submit recommended option for implementation based on analysis/evaluation of option(s) tested within three months of completion of pilots.

7. Develop a program evaluation plan to assess policy implementation, procedure implementation, payment cycle-time, delinquent payment trends, rebate trends, and customer satisfaction trends. Recommend USD(C) and the Components develop these in coordination with Transition Team, for testing at selected sites (projected for Spring 1995).

## Chapter 6 Execution

### Introduction

The key element of travel execution in the new TDY travel system is establishing a policy that travelers will be trusted to make responsible travel-related expense decisions on the road, subject to the approval of the travel authorizing and approval official. In situations where travelers are expected to use Government quarters, availability of such quarters will be certified when arrangements are made, obviating paper statements of nonavailability. Mission requirements will dictate the use of Government facilities while on TDY.

The new system will significantly improve service to the customer while traveling. The traveler will know at the trip's outset what travel expenses (and reimbursements) can be expected, and will have access to the commercial travel office (CTO) if changes are needed in arrangements. The traveler will not be distracted from mission accomplishment while on the trip by having to acquire paper statements of nonavailability from Government facilities. Providing flexibility to the traveler while on the road, and the follow-on authority for the approving official to approve payments related to those decisions, appropriately places accountability for travel expenditures with the travel authorizer. Having round-the-clock access to the CTO for help when on the road will cost less measured in time-in-line for the traveler while on the road, improving the traveler's ability to focus on mission performance. The new system will improve traveler morale in the execution phase of travel since all travelers will be trusted and treated fairly and equitably.

### Specifications

1. Travelers are fully informed up-front on travel details (arrangements, entitlements, options, travel guidance such as what to do if variations occur, tax exemption information, etc.).
2. Travelers have round-the-clock access to the CTO via an 800 number for help with accommodation changes needed while on their trip.
3. The system treats travelers as honest customers, and trusts them to make responsible, good sense travel-related expense decisions while on the road.
4. Government lodgings availability will be reflected on the CTO itinerary when arrangements are made. No separate document certifying nonavailability is required.

**Success criteria.** The success of this element will be measured by traveler feedback (on customer satisfaction forms and by other means) indicating their satisfaction that the travel system is serving their needs while on the road, versus them having to "service" the travel system, which detracts from their focus on mission accomplishment. Also, customers must feel the system treats them

fairly and equitably, and as professionals who are trusted to make responsible travel-expense related decisions.

### **Action Plan: Key Actions**

1. Issue policy that the DoD TDY Travel System will treat travelers as honest customers, who as professionals, make responsible travel-expense related decisions. (This philosophy will be embodied in the generalized DoD Policy Statement on TDY Travel.)
2. Track DoD request for repeal of 10 USC 1589. This law prohibits payment of a lodging expense when a DoD civilian employee does not use available Government lodging. Repealing the law will allow DoD the discretion to establish conditions under which payment of a lodging expense will be denied or reduced when adequate available Government lodgings are not used by DoD civilian employees on TDY. (The Task Force submitted the proposed legislation in November 1994 for submission in the 104th Congress.)
3. Issue policy that the mission, not the traveler's status, will drive the requirement for TDY travelers to use Government lodgings. Recommend USD(A&T) issue this policy immediately after 10 U.S.C. 1589 is repealed. Recommend USD(P&R) then draft, coordinate, and issue within three months the appropriate changes to the JFTR/JTR provisions on per diem reductions when available Government facilities are not used. Components will then rescind any conflicting regulations, and not further supplement the amended JFTR/JTR provisions.
4. Issue policy that the mission, not traveler's status, will drive the requirement for TDY travelers to eat in a Government dining facility; further, that use of dining facilities will not be required on "business" travel. Recommend USD(A&T) issue this policy change in February 1995. Recommend USD(P&R) ensure necessary changes to current JFTR/JTR provisions on per diem entitlements when available Government dining facilities are drafted, coordinated, and issued within three months. Components will then rescind any conflicting regulations, and not further supplement the amended JFTR/JTR provisions.
5. Delete all requirements for paper statements of nonavailability for Government facilities. Recommend USD(P&R) ensure appropriate changes to the JFTR/JTR are drafted, coordinated, and issued within three months to reflect the following:
  - a. Paper statements of nonavailability will be obviated for Government lodgings under the new TDY Travel System. The CTO will note nonavailability of Government lodgings by entering the confirmation number on the order/itinerary/voucher form when lodgings arrangements are made for the traveler. In rare instances where a CTO does not make the arrangements, the traveler can enter on the voucher the nonavailability confirmation number and the date it was provided by the lodgings facility. The traveler's signature on the voucher is his or her certification. If random check are made, lodgings facilities should be able to confirm the validity of the confirmation number.

b. Paper statements will not be required for nonuse of Government dining facilities under the new TDY travel system. When use of a mess is required but the mission requirements preclude the member from eating a meal(s) in that facility, recommend the dining facility commander be responsible for providing the meals to such travelers, for example, by providing the traveler a take-out/box meal(s).

6. Develop training, and develop and publish policy pamphlets for:

a. travelers, providing them a holistic view of the new system, what they are entitled to, their responsibilities, options, their travel authorizing or approving official's role, etc..

b. travel authorizing or approving officials, explaining, in addition to the above, their role in the new system, what their authorities and options are, and what tools (management information, exception reporting, etc.) will be put in place as required tools for their use in carrying out those duties.

The Transition Team will write and coordinate test pamphlets with process owners and DoD Components, for travelers and travel authorizers for use in testing the system. The Transition Team will work with a training office to develop a training block on the new travel system for travelers and travel authorizers. Proposed training will be used in draft form as part of the system test at select sites projected for the Spring 1995. Draft pamphlets and training will be finalized based on test feedback, and disseminated when the new TDY travel system is implemented. Customer satisfaction forms will include input from which to measure customer attitude toward system support during the execution phase of travel as part of overall system satisfaction.

## **Chapter 7**

### **Reconciliation**

#### **Introduction**

The key element of reconciliation in the new system is rapid payment to travelers, with the traveler having the option to request disbursement to the Government-sponsored, contractor-issued travel card company directly for authorized travel expenses charged on the card.

The new system design for reconciliation will be a significant improvement over the current system. It will demand less of the travelers' time in preparing travel vouchers; the amount approved on the voucher for payment by the travel authorizing and approving official will be the amount paid, thus precluding the mystery travelers often experience in the current system of not knowing what they can expect to be paid for the expenses they incur on trips; it will reduce the frustration travelers incur in having vouchers returned by finance for corrections or further information; and, it will preclude situations where travelers must pay the Government travel card company before they receive their travel pay.

#### **Specifications**

1. The official who authorized the travel also approves the travel voucher.
2. Reimbursement of travel expenditures is rapid (within 5 days of voucher receipt) and accurate.
3. Payments are made via EFT, with a split disbursement feature, transmitting payment to the traveler's bank account and/or Government travel card account.
4. Accounting records are updated simultaneously with EFT reimbursement.
5. Authorizing official is sent updated records when voucher is paid.
6. Partial voucher settlement procedures are standardized, with payment made every 30 days, for personnel on extended TDY (more than 45 days).
7. Reconciliation process is streamlined with the following system attributes:
  - a. Single source data entry, at location where information originates.
  - b. Continuous flow of automated data, from initial order/itinerary to payment of voucher.
  - c. Module to compute reimbursement (the basis of the computation will be the should-cost estimate with updates to capture reimbursable expenses, and necessary changes in arrangements) is structured so information for funds obligation is the same information used for

funds disbursement. The commander or supervisor approval of the voucher is the basis upon which disbursement is made.

8. Receipt and receipt retention requirements are minimal:
  - a. traveler submits receipts to travel authorizer with voucher, travel authorizer approves voucher and returns receipts to the traveler;
  - b. traveler retains all supporting documentation for a reduced timeframe for review; and
  - c. traveler is responsible to produce supporting documentation in case of audit.
9. System flags payments for random audit by disbursing officers, based on statistically valid sample.
10. Reporting capability performs to permit review and analysis of policy compliance and trends.
11. Automatic notification to traveler to process voucher 5 days after projected travel completion.
12. Capability is resident in system to query voucher status.
13. TDY Travel System has electronic computation system and communications network to support it.
14. Reconciliation transactions flow electronically among appropriate individuals, using electronic signature, where appropriate.

**Success criteria:** This element will be successful when:

1. Voucher preparation requires only that the traveler annotate exceptions/changes and miscellaneous reimbursable expenses to the original should-cost on the order/itinerary/voucher document.
2. Travelers understand and can accurately predict reimbursement.
3. Travelers and travel authorizing or approving officials understand how to compute reimbursement authorized.
4. Reimbursement is disbursed via EFT within 5 days of receipt of voucher.
5. Voucher reimbursement cycle time supports payment every 30 days to personnel on extended TDY (more than 45 days.)

6. Allowable travel expenses are reconciled to the appropriation in which the expense was resourced in a timely manner.

**Action Plan: Key Actions**

1. Formulate entitlements for new TDY travel system to support simple computation and thus, payment of vouchers within 5 days of submission. (See Entitlement Transition Action Plan.)
2. Include in contractual arrangements with CTO that should-cost estimates will be updated with any changes in arrangements (costs thereof) made before the voucher portion of the order/itinerary/voucher document is approved by the travel authorizing or approving official and sent to finance for payment.
3. Ensure system requirements are developed and that USD(C), in coordination with USD(P&R), ensures the voucher computation module produces accurate computations.
4. Simplify TDY Travel Accounting. Recommend USD(C) issue policy on accounting simplification, and starting in January 1995, work with external and internal organizations to achieve simplified accounting lines for DoD TDY travel.
5. Pay all travel vouchers by EFT. Recommend USD(C) issue this policy in January 1995 with procedures established to achieve payment of all travel vouchers by EFT by October 1995, in coordination with the Transition Team. Recommend USD(P&R) ensure necessary changes are made to the JFTR/JTR.
6. Provide traveler the option to have disbursement of authorized Government travel card charges paid directly to the Government travel card company. The Transition Team will test split disbursement at sites with automated systems and automated accounting interface and recommend implementation timelines to USD(C) within three months of test completion.

## Chapter 8 Accountability

### Introduction

The new DoD TDY Travel System will establish as standard policy and practice: (1) accountability for employee travel (authorization of travel, funds obligation, and approval of travel claim) at the same supervisory level; and (2) establishment of internal controls for travel authorization and reimbursement based on system performance measures, system certification, and random sample audit.

Current DoD travel processes are disjointed. Approvals are at various levels with no centralized point of accountability. Management reports, when available, do not contain information that allow supervisors to manage. To provide for a travel system that is both efficient and effective, four objectives must be met in the system:

*Accountability:* Place the point of accountability for travel claims and reimbursement at the supervisory level that authorizes travel and obligates the funds, and provide that supervisor with tools to focus on exceptions to policy.

*Internal Controls:* Ensure internal controls are cost effective and in accordance with commercial standards for percentages and frequency of audits.

*Policy Exceptions:* Replace the current paper-intensive manual process with automated processes that focus on exceptions to policy. These exceptions will be reviewed and approved on a case-by-case basis at the point of supervision.

*Management Tools:* Ensure supervisors have management tools (a simplified automated system will generate these) that: (1) capture initial authorizing information that becomes the basis for the should-cost estimate, (2) update the should-cost estimate based on trip execution, and (3) allow the supervisor to approve voucher computation. The system should be certified as accurately computing claims. Part of the certification process should be random sample and exceptions audits, conducted and documented by the disbursing officer.

**Specification:** Develop, in coordination with certifying officials, internal control plans for travel claim reimbursement that maximizes opportunity to use random sample audit, electronic transmission of data, electronic signature, and rapid pay procedures.

**Success Criteria:** The following criteria will be used to measure success:

1. Internal control plans provide for audit emphasis commensurate with risk to Government, a sampling of all invoices not subject to complete audit coverage, effective monitoring, and a basis for certification of payments. These controls should be built into the automated travel system.

2. Cost benefit analysis performed to support statistical analysis that measures the difference between examining all vouchers and the combined costs of examining the sample and the projected losses due to undetected errors. Document and maintain a record of the cost benefit analysis.
3. Federal Managers Financial Integrity Act (FMFIA) review of plan and process as it evolves.

**Action Plan: Key Actions**

1. Issue policy to maximize the use of cost effective random sampling of travel claims processing, electronic transmittal of data, and reliance on automated systems to compute travel claims. Recommend USD(C) initiate actions in January 1995 to accomplish this in coordination with required elements internal and external to the Department and in coordination with the Transition Team, for projected implementation with system whole in the DoD Components.
2. Sponsor a FMFIA evaluation of the internal control implications of commercially available software systems and as well as DoD developed systems to achieve cost effective internal controls. Recommend USD(C), in coordination with the Transition Team, sponsor this evaluation to ensure decision is made before plan is finalized for full system implementation in the DoD Components.

## **APPENDIX A**

### **LIST OF ACRONYMS**

A&T	Acquisition and Technology
AFB	Air Force Base
AMEX	American Express
ATM	Automatic Teller Machine
CONUS	Continental United States
CPP	Civilian Personnel Policy
CTO	Commercial Travel Office
DFAS	Defense Finance and Accounting Service
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoDIG	Department of Defense Inspector General
DTPS	Defense Travel Pay System
EFT	Electronic fund transfer
FMFIA	Federal Managers Financial Integrity Act
FORSCOM	Forces Command
FTR	Federal Travel Regulation
FY	Fiscal year
GAO	General Accounting Office
GSA	General Services Administration
IATS	Integrated Automated Travel System
JCS	Joint Chiefs of Staff
JFMIP	Joint Financial Management Improvement Program
JFTR	Joint Federal Travel Regulations, Volume 1
JTF	Joint Task Force
JTR	Joint Travel Regulations, Volume 2
LMI	Logistics Management Institute
MCB	Marine Corps Base
M&IE	Meals and incidental expense
MIS	Management information system
MP	Military police
MPP	Military Personnel Policy
MTMC	Military Traffic Management Command
NSA	National Security Agency
O&M	Operation and Maintenance
ODCSPER	Office of the Deputy Chief of Staff for Personnel
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
P&R	Personnel and Readiness
PCS	Permanent Change of Station

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DoD Task Force to Reengineer Travel  
Appendix A

PDTATAC	Per Diem, Travel and Transportation Allowance Committee
TDY	Temporary duty
TRANSCOM	Transportation Command
U.S.	United States
USA	United States Army
USAF	United States Air Force
USAFR	United States Air Force Reserves
USAREUR	United States Army Europe
U.S.C.	United States Code
USCG	United States Coast Guard
USD	Under Secretary of Defense



FORCE  
MANAGEMENT

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January 10, 1995



## MINORITY VIEWS OF THE PERSONNEL & READINESS CO-CHAIR

The Task Force came tantalizingly close to a vision of what a responsive and responsible travel system could be. Unfortunately, the main body of our report falls short of that vision, and I dissent from it.

The Task Force presented a quite different and, in my view, sounder picture in the overview briefing presented to our chartering officials in October. At that point, the Task Force entered its final stages and began drafting this report. Because of reassignments, neither my principal action officer nor I was able to participate meaningfully in the report design and drafting process. Based on what the Task Force learned, I would have written a very different report, and conveyed a very different message.

### The Problem

While the Task Force's report contains many excellent points, it blurs (rather than clarifies) the nature of the problem and of the solution to that problem. As noted in the Executive Summary, our diagnosis of the problem has three parts: (1) "Current travel policies and programs focus on compliance with rigid rules rather than performance of the mission", (2) "The current travel system is not integrated"--that is, it is not a system at all, and (3) "Current Department travel practices are outmoded". That diagnosis leads, perforce, to three recommendations: (1) change the philosophy, (2) change the system, and (3) change the practices. The first two diagnoses are, by far, the most important and least tractable barriers to travel reform. Yet the Task Force drifted away from a clear vision of a philosophical and system solution to a compilation of details on practices.

### Changing the Practices

The bulk of the report is given over to detail on *components* of the system. These are, to be sure, the best business practices that we could find today, and much better than what the typical DoD installation has in place. But both the technology and the travel business are highly dynamic, and each of these components is perishable. Nowhere in the report is that dynamism addressed. To be robust, our solution must be able to evolve as the world evolves.

The Task Force addresses in great detail the specifics associated with each of the components. Many of those specifics reflect parochial concerns rather than fundamental system requirements, and many of the timetables are driven by desire rather than by feasibility. I disagree with a number of the specifics in the "action plans".

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But the specifics are not the point. The history of travel policy is the history of optimization of individual components. That is not the solution; it is the problem. Optimizing the components is not enough.

### Changing the System

Rather, the primary challenges are (1) to link these components into a seamless *system* for delivering travel to our customers, and (2) to implement that system in a Department with hundreds of accounting systems and thousands of individual installations and units (each of which has a separate travel “system”, and many of which lack adequate computer support). In effect, we need to devise a system of systems. We noted that today’s “system” is integrated primarily by the traveler who carries paper from place to place. We also noted that fragmented and stovepiped responsibilities hinder cooperation and systems integration. But the report pays little attention to solving these problems, either institutionally or substantively.

The Task Force places primary reliance on a Transition Team to oversee integration and to test implementation in the field. We agreed on the need to test, and we agreed that we do not want a permanent travel “czar”, but we agreed on little else in this critical area. The report is thus vague on mechanisms to solve the coordination problems we found at the root of the disfunctionality of our current system.

While the Task Force pursued detail and specificity on the components, it eschewed details of system integration--a much more difficult issue. System designers should find helpful the parallel notions of determining what a trip “should cost” from an entitlement standpoint and the role of early calculation of the “should cost” estimate in reducing redundancy, workload, error, and abuse. Implementation through “critically matched sets” should go a long way toward reducing reluctance to accept reforms in the Services and in the field. Yet these notions are incompletely developed in the report, and the report is almost completely silent on the mechanisms by which travel office and card company information are to be accessed and integrated to create management information systems. These things are important and in principle doable, but they are not trivial. Indeed, they are much harder than design of the components addressed in the report. And who is to be the system designer?

People will make the new system work, or people will make it fail. There are many paths to system reform, but all require that we alter the behavior of organizations and individuals.

### Changing the Philosophy

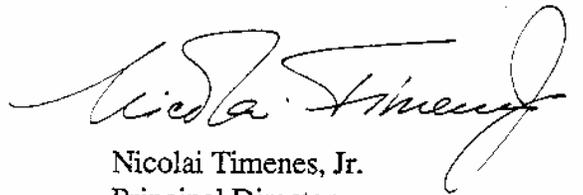
The report mentions in passing the need to change the *philosophy* by which we administer travel. That recommendation deserves more than lip service. What the Task Force proposes here is nothing less than a revolution in the government’s approach to

travel. It is a peaceful revolution, requiring merely that we treat the traveler as an honest customer and the commander as a responsible manager of the system--that we treat them as adults. Yet this change would overturn decades of tradition, policy, and practice. Implementing the new philosophy will require changing the way we write regulations, the way we design and administer programs, and ultimately the way we--and those who oversee the Department--think about travel. Yet there is nothing in the report about why this change is essential (as I believe it to be), and nothing about how we will build acceptance for this new philosophy.

The report correctly notes that, consistent with this philosophy (and in the hope of successful reform), we should design incentives for individuals and organizations to adapt the best practices, rather than give inflexible orders. But the "action plans" describe yet another heavy-handed system of mandates (albeit with a modern flavor). There is little point in making a revolution, if at the end we merely replace one rigid system with another.

#### A Valuable Resource

The careful and selective reader will find in the main body of the report much to admire and use, and I congratulate my colleagues on the diligence and energy with which they approached their task. Nevertheless, that same reader will have to look elsewhere for structure, for balance, and for perspective on travel reform.



Nicolai Timenes, Jr.  
Principal Director  
Military Personnel Policy  
and  
Co-Chair  
DoD Task Force to Reengineer Travel

15 DEC 1994

MEMORANDUM FOR THE DIRECTOR, DOD TASK FORCE TO REENGINEER TRAVEL

FROM: MAJ NONA I. MAPES, HQ USAF/LGTT

SUBJECT: MINORITY REPORT SUBMISSION TO THE REPORT OF THE DOD TASK FORCE TO REENGINEER TRAVEL

The following is my minority opinion on the subject of a single DoD procurer of contract travel services. Please include a reference to it, in footnote form, in the appropriate section of the Transition Plan and print the complete text of the following two paragraphs or a copy of this letter in the report as an appendix.

I do not agree with the recommendation, made in the introduction of the arrangements section of the Transition Plan, "Contracting efforts should be consolidated under a single procurer of travel." There are studies and tests in progress that should be considered before a final recommendation is made concerning consolidating contract procurement throughout the entire DoD.

The possible benefits of consolidation, financial leverage and standardization of levels of service, make it an option that merits consideration. However, the issue of ensuring customer service responsiveness and flexibility to meet local mission requirements is paramount to DoD travel system customers. I recommend the Transition Team task sections of the DoD where tests of consolidated and decentralized contracting methods are currently underway, to supply them with measurements of customer satisfaction with service and mission responsiveness. I further recommend the Transition Team review the information gathered, determine the procurement method that secures the best service, and recommend that DoD maximize the use of that method.

*Nona I. Mapes*

NONA I. MAPES, MAJ, USAFR  
DoD Task Force to Reengineer Travel Member  
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