

November 13, 2006



Information Technology Management

Management and Use of the Defense
Travel System
(D-2007-024)

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Acronyms

DFAS	Defense Finance and Accounting Service
DISA	Defense Information Systems Agency
DLA	Defense Logistics Agency
DoD OIG	Department of Defense Office of Inspector General
DTMO	Defense Travel Management Office
DTS	Defense Travel System
GAO	Government Accountability Office
MID 921	Management Initiative Directive 921
OMB	Office of Management and Budget
PMO	Program Management Office
TDY	Temporary Duty Travel



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November 13, 2006

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Report on Management and Use of the Defense Travel System
(Report No. D-2007-024)

We are providing this report for review and comment. We performed the audit in response to a congressional request from the Chairman, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs. We considered management comments on a draft of this report when preparing the final report.

DoD Directive 7650.3 requires that all issues be resolved promptly. The Under Secretary of Defense (Comptroller)/Chief Financial Officer, the Under Secretary of Defense for Personnel and Readiness, and the Program Director, Defense Travel System did not provide comments on a draft of this report. Therefore, we request that they comment on the final report by January 12, 2007. As a result of management comments, we revised draft Recommendation A.4. Therefore, we request that the Director, Program Analysis and Evaluation comment on Recommendation A.4. by January 12, 2007. We also revised draft Recommendations B.1.a., B.1.b., and B.2. and deleted Recommendation B.1.c. to reflect provisions of Public Law 109-364, enacted on October 17, 2006. We request that the Under Secretary of Defense for Personnel and Readiness and the Program Director, Defense Travel System provide comments on Recommendations B.1.a., B.1.b., and B.2. by January 12, 2007.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to Auddfs@dodig.osd.mil. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Mr. Michael Perkins at (703) 325-3557 (DSN 221-3557) or Mr. Sean J. Keaney at (703) 428-1448 (DSN 328-1448). See Appendix I for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

A handwritten signature in black ink, reading "Paul J. Granetto", is written over a horizontal line.

Paul J. Granetto, CPA
Assistant Inspector General and Director
Defense Financial Auditing Service

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Department of Defense Office of Inspector General

Report No. D-2007-024

November 13, 2006

(Project No. D2005-D000FB-0311)

Management and Use of the Defense Travel System

Executive Summary

Who Should Read This Report and Why? DoD Component Comptrollers, Defense Travel Administrators, DoD travelers, and Service and Defense agency managers should read this report. The report discusses the Department's effort to implement the Defense Travel System (DTS) and transform its travel process.

Background. We performed this audit in response to a congressional request from the Chairman, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs. The Chairman's letter questioned whether DTS had realized the previously anticipated benefits in efficiency. DoD had envisioned DTS as a general support system designed to make business travel quicker, easier, and more efficient by providing automated commercial and Government travel support services to DoD travelers. In fact, DTS was expected to represent the 21st century model of efficiency and service, featuring the best practices in industry.

DTS has evolved into a web-based, electronic, end-to-end travel management system that leverages commercial travel management products and accelerates travel processing. On May 28, 2002, the Assistant Secretary of Defense for Networks and Information Integration designated DTS as a major automated information system (Acquisition Category IAM Program). On October 18, 2004, the Deputy Secretary of Defense designated the Under Secretary of Defense for Personnel and Readiness as the functional proponent for travel management within the Department, to include DTS.

Results. The DTS Program Management Office, Services, and Defense agencies could not provide documentation that substantiated all DTS, legacy system, and travel-related data necessary to evaluate the cost-effectiveness of the DTS Program. As a result, the Department continues to make management decisions based on unsubstantiated data and to allocate resources to the DTS Program without the ability to measure projected benefits (finding A).

Not all Components within the Services and Defense agencies were using DTS to support routine temporary duty travel at sites where DTS had been deployed. Specifically, 5 of 27 sites we visited were not using DTS, and the remaining sites continued to sometimes use legacy travel systems to process and support routine temporary duty travel. As a result, the Department has not realized the full benefits of using DTS (finding B).

A formal reporting process and DoD-wide transformation strategy would improve DTS management and increase its use while correcting the management control weaknesses we identified during the audit. However, results of an upcoming DTS study required by section 943 of Public Law 109-364, "John Warner National Defense Authorization Act

for FY 2007,” will determine how the Department implements recommendations made in this report. (See the Finding section of the report for detailed recommendations.)

Management Comments and Audit Response. The Under Secretary of Defense (Comptroller)/Chief Financial Officer, the Under Secretary of Defense for Personnel and Readiness, and the Program Director, DTS Program Management Office did not comment on an October 13, 2006, draft of this report. The Director, Indianapolis Operations partially concurred with implementing a process to reconcile travel voucher payment data recorded in the disbursing systems to the data recorded in e-Biz. His office will assist the Defense Finance and Accounting Service e-Biz office to address travel voucher payment discrepancies. Defense Finance and Accounting Service comments were partially responsive but did not address whether a permanent process would be implemented or how discrepancies would be resolved. And not all organizations within the Defense Finance and Accounting Service responsible for reconciling travel voucher data provided comments.

The Director, Program Analysis and Evaluation nonconcurred with revising the “Unofficial Guide for the Economic Analysis of Defense Information Technology Investments” to ensure it included a requirement for auditable data. He stated that the Unofficial Guide has never been formally issued and that the Department already has formal guidance on developing an economic analysis. In addition, he inferred that the report blamed use of the Unofficial Guide for unsubstantiated DTS travel cost data. The comments were partially responsive. The Unofficial Guide had not been officially issued, and we clarified the report to reflect that it does not constitute official DoD guidance. We did not mean to imply that DTS and travel-related cost data could not be audited because the DTS PMO used the Unofficial Guide. The report recognizes the fact that the Department has a history of being unable to validate its travel cost data. Although DoD Instruction 7041.3, “Economic Analysis for Decision-making,” November 7, 1995, prescribes general requirements for developing an economic analysis, to include using auditable data, the Unofficial Guide provides detailed descriptions and specific information that could further implement DoD Instruction 7041.3. In the past, the Department used the Unofficial Guide as a supplemental source of instruction to prepare an economic analysis. In light of that, we request that the Director, Program Analysis and Evaluation reconsider his position and issue the Unofficial Guide as implementing guidance to DoD Instruction 7041.3. A discussion of management comments is in the Finding section of the report and the complete text is in the Management Comments section.

We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer; the Under Secretary of Defense for Personnel and Readiness; the Director, Program Analysis and Evaluation; the Director, Defense Finance and Accounting Service; and the Program Director, DTS comment on the final report by January 12, 2007.

Table of Contents

Executive Summary	i
Background	1
Objectives	2
Review of Internal Controls	2
Findings	
A. Cost Benefit Evaluation of the Defense Travel System	3
B. Use of the Defense Travel System	16
Appendixes	
A. Scope and Methodology	25
B. Congressional Request Letter	28
C. Summary of FY 2003 through FY 2005 Lifecycle Cost Estimate Data	30
D. Sample of Travel Vouchers	33
E. DoD- and Service-level Defense Travel System Implementation Requirements	37
F. Non-Quantifiable Benefits Resulting from the Implementation of the Defense Travel System	40
G. Glossary of Terms	42
H. History of the Defense Travel System	44
I. Report Distribution	45
Management Comments	
Program Analysis and Evaluation	47
Defense Finance and Accounting Service	48

Background

This audit was performed in response to a congressional request from the Chairman, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs. See Appendix B for Senator Coleman's official request and Appendix G for a glossary of terms used in the report.

Reengineering DoD Travel. The 1993 National Performance Review identified travel as an area of DoD that required reengineering. The DoD Task Force to Reengineer Travel was established in June 1994 to conduct a comprehensive and systematic review of the DoD travel network using a "clean sheet of paper" approach. The DoD Task Force to Reengineer Travel concluded that the DoD travel process was fragmented, inefficient, expensive to administer, and occasionally impeded mission accomplishments. Therefore, DoD management directed the Task Force to "create a fair and equitable temporary duty travel (TDY) 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 Defense Travel System (DTS) Program Management Office (PMO) was established in 1995 to acquire travel services. The Department expected DTS to represent the 21st century model of efficiency and service, featuring the best practices in industry. The DTS PMO envisioned the System supporting all forms of business TDY through a single, paperless travel system, available to users 24 hours a day and 7 days a week. In addition, the DTS PMO designed DTS to interface with DoD accounting and disbursing systems to increase the speed with which DoD travelers receive payment to settle vouchers. DTS is now a web-based, electronic, end-to-end travel management system that leverages commercial travel management products and accelerates travel processing. The Addendum to the 2003 DTS Economic Analysis, September 2, 2003, reports total DTS Investment and Operation and Support costs of \$2.24 billion.¹

DoD Report on DTS. On July 1, 2002, the DoD Office of Inspector General (DoD OIG) issued Report No. D-2002-124, "Allegations to the Defense Hotline on the Management of the Defense Travel System," stating that DTS remained a program at high risk of not being an effective solution to streamlining the DoD travel management process. The report concluded that the Program was not being managed as a major automated information system and was being substantially developed without the requisite requirements; cost, performance, and schedule documents; and analyses needed as the foundation for assessing the effectiveness of the System and its return on investment. The Under Secretary of Defense (Comptroller)/Chief Financial Officer agreed with the intent of the report's

¹The \$2.24 billion DTS Program costs include only DTS Investment and DTS Operation and Support costs for the entire lifecycle of the Program. Costs related to maintaining legacy systems and supporting the travel process with legacy systems are not included in this total.

recommendation to improve oversight of the DTS Program by managing the System as an Acquisition Category IAM program. In addition, the Under Secretary tasked the Director, Program Analysis and Evaluation to complete a cost-effectiveness study to determine whether the DTS Program should continue or be terminated.

Objectives

Our audit objectives were to answer congressional questions about whether DTS has achieved the cost savings initially envisioned. We also wanted to determine whether actions taken in response to a previous DoD OIG audit report achieved the results intended by the recommendations, that is, whether the System is used DoD-wide; supports mission requirements; and provides a quicker, easier, and more efficient means of Government travel. We reviewed the management control program as it relates to the overall objectives. See Appendix A for a discussion of the scope and methodology and prior coverage related to our objectives.

Review of Internal Controls

We identified material internal control weaknesses for the DTS PMO as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006.² We evaluated DTS PMO internal controls and management's self-evaluation of internal controls over mission accomplishments, including system acquisition, system deployment, system operations, commercial travel management, acquisition compliance and reporting, budgeting, and contracting. Specifically, we reviewed the DTS PMO business processes and procedures used for meeting critical functionality requirements, deployment schedules, and updated lifecycle cost estimates. Management's self-evaluation identified some of the same weaknesses identified in this report. However, management did not provide an adequate plan to correct those weaknesses specifically identified by this audit, including delays in deploying DTS and meeting critical functionality in planned releases.

The Department continues to deploy DTS and fund the Program; however, it has done so without having a formal reporting process and overall travel management strategy in place to ensure it effectively accomplishes its mission to transform the Department's TDY process. Recommendations A.1. and B.1., if implemented, should correct the weaknesses. A copy of the report will be sent to the senior official in charge of management controls in the DTS PMO, the Business Transformation Agency, and the Office of the Under Secretary of Defense for Personnel and Readiness.

²Our review of internal controls was done under the auspices of DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996. DoD Directive 5010.38 was canceled on April 3, 2006. DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," was reissued on January 4, 2006.

A. Cost Benefit Evaluation of the Defense Travel System

The DTS PMO, Services, and Defense agencies could not provide documentation that substantiated all DTS, legacy system, and travel-related data necessary to validate the cost-effectiveness of the DTS Program. The lack of underlying support necessary to develop a cost benefit evaluation results from the Department's lack of a formal reporting process that would enable it to effectively capture, support, and validate all travel-related cost data. Without a validated cost benefit evaluation, the Department cannot fully justify allocation of funds to DTS or measure DTS economies and benefits against projected benefits.

Guidance for Developing a Cost Benefit Evaluation

Cost benefit evaluations allow managers to identify requirements and concentrate resources in the most effective ways. Federal and DoD guidance supports development of cost benefit evaluations and helps managers make well-informed decisions whether to continue programs. The guidance identifies key information and elements to address in preparing a cost benefit evaluation, as well as documentation necessary to support a sound decision-making process. For instance, Office of Management and Budget (OMB) Circular A-94, "Guidelines and Discount Rates For Benefit-Cost Analysis of Federal Programs," October 29, 1992, serves as a checklist for an agency to determine whether it has considered and properly dealt with all the elements for sound decision-making. It also states that quantifiable (tangible) and non-quantifiable (intangible) benefits and costs should be recognized and included in the analysis.

DoD Instruction 7041.3, "Economic Analysis for Decision-making," November 7, 1995, (The Instruction) implements OMB Circular A-94, provides policy, and identifies responsibilities and procedures for conducting a cost benefit evaluation to evaluate investment alternatives. The Instruction applies to the evaluation of decisions for the acquisition of automated information systems. The Instruction states that to achieve a systematic evaluation, the economic analysis process should identify each feasible alternative for meeting an objective and the alternative's lifecycle costs and benefits. The Instruction also states that methods of documentation used to record and summarize cost and benefit information may vary between the DoD Components; however, DoD Components are encouraged to "standardize," when possible, format and documentation requirements to ensure consistent and complete economic analysis submissions. In addition, the Instruction states that automated tools and data sources should be used to reduce paperwork and provide an audit trail of the costs and benefits identified in the analysis.

OMB Circular A-94 and DoD Instruction 7041.3 address critical components necessary to develop a cost benefit evaluation, including:

- rationale for completing a cost benefit evaluation, which may be justified if the program improves the efficiency of the Government's internal operations, such as cost-saving investments;
- assumptions, which include rationale and a review of their strengths and weaknesses, that identify the underlying process used to arrive at estimates of future benefits and costs;
- alternatives that should identify additional means of achieving the program's objectives;
- verification, through the use of studies, to determine whether anticipated benefits and costs have been realized and are achievable by periodically assessing the program's effectiveness;
- sensitivity analyses that should address uncertainties of the program and their potential impact on the program's results; and
- results and recommendations, based on the benefits and costs of the various alternatives, that justify the decision-maker moving forward with the program.

Unofficial Guide for Developing an Automated Information System Economic Analysis. The Office of the Director, Program Analysis and Evaluation, Office of the Secretary of Defense, developed the "Unofficial Guide for the Economic Analysis of Defense Information Technology Investments," (Unofficial Guide) 1995 Version, to assist DoD Components in developing, reviewing, and validating economic analyses for DoD automated information system acquisition programs that are predominantly supported by commercial off-the-shelf hardware, software, and other infrastructure. The Unofficial Guide states that an economic analysis of automated information systems is required to determine the best program acquisition alternative to the Government. It states that the best alternative is one that generally meets critical mission requirements at the lowest lifecycle cost, or provides the most advantageous return on investment. However, the Unofficial Guide has not been officially issued by the Department. Therefore, it is not recognized as DoD guidance.

The DTS PMO, Services, and Defense agencies used the Unofficial Guide and OMB Circular A-94 as their basis for developing the 2003 DTS Economic Analysis and the subsequent Addendum. In addition, the Unofficial Guide is not consistent with OMB and DoD policy. It does not require validation of all sources of data prior to inclusion in an economic analysis, nor does it require an audit trail. Findings in this report reflect the inadequacies of an economic analysis done without validating data. Therefore, because the Unofficial Guide continues to be used within the Department, the Director, Program Analysis and Evaluation should issue the Unofficial Guide *as implementing guidance* to DoD Instruction 7041.3 for preparing a cost benefit analysis.

Availability of Cost Data and Supporting Documentation

The DTS PMO, Services, and Defense agencies could not provide documentation that substantiated all DTS Investment and Operation and Support, legacy system, and Status Quo³ costs necessary for validating projected savings and the cost-effectiveness of the DTS Program. The Department could not provide invoices, contracts, Military Interdepartmental Purchase Requests, system-generated reports from DoD budget and accounting systems, memorandums, or studies that supported all FY 2003 through FY 2005 travel-related data. In addition, the Navy and Marine Corps stated that documentation necessary to support any DTS and legacy system costs for FY 1996 through FY 2002 was no longer available. Cost data amounts related here have been rounded for ease in discussion.

DTS Investment Cost Data

The DTS “Cost Analysis Requirements Description,” November 22, 2002, defines DTS Investment cost data as all costs to the Government to fully implement DTS and sustain a fully operational status at all the required high-volume sites. DTS investment costs began at the inception of the Program and will continue through complete fielding (full operational capability).

DTS PMO Submission. The DTS PMO provided DTS Investment cost data for FY 2003 through FY 2005; however, the documentation it provided did not substantiate the validity of all FY 2005 cost data.

Service Submissions. The Army, Navy, Air Force, and Marine Corps provided DTS Investment cost data for FY 2003 through FY 2005. However, the Services either did not provide source documentation or the documentation they provided did not substantiate the costs they reported during FY 2005. For instance, the Army did not provide documentation and the Navy provided only partial documentation. The Air Force and Marine Corps provided documentation; however, it did not always support the cost data they reported.

Defense Agency Submissions. DFAS, the Defense Logistics Agency (DLA), and the Defense Information Systems Agency (DISA) did not report any DTS Investment costs for FY 2003 through FY 2005. DFAS representatives initially stated they would take responsibility for providing cost data for all Defense agencies because they originally provided the same data for the 2003 DTS Economic Analysis. However, 3 weeks into the data call DFAS stated that it would only provide DFAS information and would no longer provide DTS and legacy system cost data for any other Defense agency. DFAS, DLA, and DISA have O-6 Representatives (military or civilians of various ranks or grades) to serve as centralized focal points for resolving DTS issues and coordinating DTS

³Status Quo represents the set of manual activities and partially automated systems that previously supported the Department’s TDY process. It also represents the cumulative cost of supporting the previous travel process which did not include a standard set of activities, processes, or systems.

information, to include cost data. The remaining Defense agencies have not appointed DTS O-6 Representatives. As a result, we were unable to obtain DTS Investment cost data from any other Defense agency.

DoD OIG Audit of DTS Investment Costs. We audited FY 2005 data to determine whether we could validate all DTS Investment cost data reported by the DTS PMO, Services, and DFAS, DLA, and DISA for that year. Table C1 (in Appendix C) shows FY 2003 through FY 2005 DTS Investment cost data provided by the DTS PMO, and the Services (DFAS, DLA, and DISA did not report any DTS Investment costs for this period). The DTS PMO and Services reported \$58.44 million in DTS Investment costs for FY 2005; however, they could support only \$47.31 million (81 percent) of those costs. As a result, \$11.13 million in FY 2005 DTS Investment costs were not adequately supported. Support documentation the DTS PMO and Services provided for FY 2003 and FY 2004 was very limited. Therefore, we discontinued auditing FY 2003 and FY 2004 DTS Investment cost data.

DTS Operations and Support Cost Data

The DTS PMO, Services, and Defense agencies also were unable to substantiate all FY 2005 DTS Operation and Support costs. The DTS “Cost Analysis Requirements Description” defines DTS Operation and Support costs as costs to manage and maintain hardware and software to sustain operations throughout the lifecycle of the DTS Program. DTS Operation and Support costs include all costs to sustain it once the Department achieves full operating capability.

DTS PMO Submission. The DTS PMO provided DTS Operation and Support cost data for FY 2003 through FY 2005 and documentation that substantiated all FY 2005 cost data.

Service Submissions. The Army and Air Force provided DTS Operation and Support cost data for FY 2003 through FY 2005. The Navy and Marine Corps provided cost data for only FY 2004 and FY 2005. However, the Services did not provide source documentation, or the documentation they provided did not support the costs they reported during FY 2005. As with DTS Investment cost data, the Army did not provide DTS Operation and Support documentation, the Navy provided only partial documentation, and although the Air Force and Marine Corps provided documentation for the costs they reported during FY 2005, that documentation did not always substantiate the cost data they reported. To further cloud the issue, the Services used different types of data and different methodologies when calculating DTS Operation and Support costs.

Inconsistencies in the Type of Data Reported. The Services did not always report DTS commercial travel office fees, voucher pay, and voucher computation costs even though they used DTS. The Navy O-6 Representatives stated those costs were generally included in legacy system costs and were not separated to reflect the costs resulting from DTS implementation. The Marine

Corps, for example, did not report that it incurred system operation costs for FY 2005. However, according to the Deputy Director of DTS PMO, all Services incur this type of cost.

Inconsistencies in the Methodology Used for Calculating Cost Data.

The methodology used to derive program management costs varied between the Navy, Air Force, and Marine Corps. In an October 20, 2003, memorandum, “Defense Travel System (DTS) Acquisition Program Baseline Comments,” the Principal Deputy Director, Program Analysis and Evaluation stated that inconsistent methodologies related to personnel costs, which comprise program management costs, existed in the 2003 DTS Economic Analysis. The memorandum further stated that those inconsistencies limited the Department’s ability to provide a solid basis for its calculations. For example, the Air Force program management cost element was based on the Air Force Instruction 65-503, “Financial Management,” February 4, 1994, Table A31-1, “Air Force Civilian Base Pay Acceleration Factors.” According to Air Force personnel, they use periodically updated information in that table to calculate personnel costs. This methodology, in itself, is a valid basis for determining program management salaries. However, those rates include the cost of non-quantifiable benefits, such as medical and leave, which were not used by the Marine Corps when reporting data for the same cost element. Because the Marine Corps did not include those factors in their calculations, the salary data they provided is lower than salaries identified by the Air Force for the same grade and rank. In addition, the Navy O-6 Representative stated that her salary was not included in the program management cost element because she performs a variety of tasks and is not dedicated to supporting DTS full time. The Navy, Air Force, and Marine Corps continue using different methodologies to determine program management costs for performing the same functions.

Defense Agency Submissions. DFAS and DLA provided DTS Operation and Support cost data for FY 2003 through FY 2005, but DISA provided cost data for only FY 2004 and FY 2005. However, documentation did not adequately support the costs they reported during FY 2005. We did not receive DTS Operation and Support cost data from any other Defense agency.

DoD OIG Audit of DTS Operation and Support Costs. We audited FY 2005 DTS Operation and Support cost data to determine whether we could validate all cost data reported by the DTS PMO, Services, DFAS, DLA, and DISA for that year. Table C2 (Appendix C) shows FY 2003 through FY 2005 DTS Operation and Support cost data provided by the DTS PMO, Services, DFAS, DLA, and DISA. The DTS PMO, Services, DFAS, DLA, and DISA reported \$44.05 million in DTS Operation and Support costs for FY 2005; however, they could only support \$7.32 million (17 percent) of those costs. Therefore, \$36.73 million in FY 2005 DTS Operation and Support costs were not adequately supported. The supporting documentation provided by the Services, DFAS, DLA, and DISA for FY 2003 and FY 2004 was very limited. Therefore, we discontinued auditing FY 2003 and FY 2004 DTS Operation and Support cost data.

Legacy System Cost Data

The Services and Defense agencies were unable to support all reported FY 2005 legacy system costs. The Cost Analysis Requirements Description defines legacy system costs (Status Quo phase out) as costs incurred to manage, support, and maintain day-to-day operations of the previous travel systems and processes as they run parallel to phasing in DTS. Legacy system costs include personnel costs, the cost to process and compute vouchers (voucher process and compute costs), any projected hardware replacements, and all maintenance for existing hardware and software. Those costs began prior to DTS initial operating capability at the start of FY 2004 and will continue through full operating capability.

Service Submissions. The Army, Navy, Air Force, and Marine Corps provided legacy system cost data for FY 2003 through FY 2005. However, the Services did not provide adequate source documentation to support FY 2005 cost data. As with other travel cost data discussed here, Army provided no documentation, Navy provided partial documentation, and Air Force and Marine Corps documentation did not support amounts reported. In addition, we were unable to determine the accuracy of the Air Force methodology for calculating costs for processing and computing vouchers. For instance, the FY 2005 Air Force data disclosed that processing and computing vouchers cost \$76 million based on Air Force personnel costs, DFAS billing rates, and the number of vouchers processed during that fiscal year. The Air Force uses the Reserve Travel System to process its TDY vouchers. Because the Reserve Travel System computes the voucher amount, DFAS would not have charged the \$34 rate for computing and disbursing all legacy system vouchers as indicated in Air Force data. By using the higher voucher computation and disbursement rate, the Air Force may have overstated the cost it incurred to process and compute each non-DTS travel voucher processed during FY 2005.

Defense Agency Submissions. DFAS and DLA provided updated lifecycle cost estimate data for FY 2003 through FY 2005 legacy system costs. However, neither Defense agency provided documentation to support the costs they reported during FY 2005. We did not receive legacy system cost data from DISA or any other Defense agency.

DoD OIG Audit of Legacy System Costs. We audited FY 2005 legacy system cost data to determine whether we could validate all cost data reported in that year. Table C3 (Appendix C) shows FY 2003 through FY 2005 legacy system cost data provided by the Services, DFAS, and DLA. They reported \$215.29 million in legacy system costs for FY 2005; however, none of those costs were adequately supported. Again, the supporting documentation provided by the Services, DFAS, and DLA for FY 2003 and FY 2004 was very limited, and so we discontinued auditing FY 2003 and FY 2004 legacy system cost data.

Vouchers Processed by DFAS

Vouchers Processed. DFAS could not support the number of travel vouchers they processed for DoD personnel during FY 2005. It provided two sources of

travel voucher data: a consolidated report from e-Biz⁴ and individual databases from each DFAS disbursing center. The two sources should have provided consistent data on the number of vouchers processed but differed by more than 3 million vouchers.

E-Biz Accounting System. DFAS personnel stated that all travel vouchers they processed fall into two categories: compute and disburse (output 07) and disburse only (output 27). In FY 2005, the e-Biz report identified a total of 6,603,120⁵ travel vouchers processed for DoD travelers—1,132,054 DTS and legacy system vouchers that DFAS computed and disbursed (output 07), and 5,471,066 vouchers that only needed to be disbursed (output 27).

DFAS Disbursing Systems. DFAS Cleveland, Columbus, Denver, Indianapolis, and Kansas City provided database extracts of all travel vouchers disbursed by their DoD disbursing systems during FY 2005. Each DFAS center provided a database from the disbursing system it uses. The databases recorded disbursements of 8,262,845 vouchers originating from legacy systems and 1,622,450 vouchers originating from DTS in FY 2005, for a total of 9,885,295 vouchers.

A Persistent Issue. Problems with documentation supporting DoD travel costs existed before DTS and continue to exist. The Principal Deputy Director, Program Analysis and Evaluation, wrote in a memorandum, “Defense Travel System (DTS) Acquisition Program Baseline Comments,” that the Department needed more reliable data after reviewing the 2003 DTS Economic Analysis. Nearly 3 years later, the DTS PMO, Services, DFAS, DLA, and DISA were again unable to provide supporting documentation necessary to validate all DTS costs and other travel-related data. At the very least, vouchers from disbursing systems should be reconcilable to the e-Biz accounting system.

Formal Reporting Process

In order to develop a cost benefit evaluation, the Department needs a formal reporting process that will enable it to effectively capture, support, and validate all travel-related cost data.

Establishing a Formal Reporting Process. Although the DTS PMO recognized the need to establish a formal reporting process, that process has yet to be implemented. Prior to the Milestone C Decision review, the DTS PMO drafted a memorandum, “Identification of Component Savings from the Defense Travel System (DTS),” for Under Secretary of Defense (Comptroller)/Chief Financial Office consideration. This memorandum concluded that the 2003 DTS Economic Analysis does not adequately capture all the cost savings that can be achieved by implementing DTS. To resolve this issue, the DTS PMO asked the Under

⁴The e-Biz system was designed to implement an integrated management information system for DFAS to support budget formulation, resource management, financial management, funds control, and accounting business areas of Financial Operations and Information Services.

⁵Total does not include 90 vouchers (14 from output 07 and 76 from output 27) for non-DoD activities.

Secretary of Defense (Comptroller)/Chief Financial Officer to request each Component to capture DTS potential savings in two categories:

- personnel and associated overhead savings (where personnel are no longer required to perform manual travel activities) and
- other real savings achieved from lower costs resulting from automation of travel activities.

The DTS PMO asked that all Component comptrollers provide this information and continue to provide updated information in the form of quarterly reports. However, according to the Deputy Program Director, DTS PMO, personnel from the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer verbally indicated that this requirement was not needed and only added to an already large list of reporting requirements. Consequently, the Department did not implement this reporting process. The Services and Defense agencies do not capture relevant data, including documentation necessary to support DTS and legacy system costs.

DoD Efforts to Capture and Validate Travel Cost and Travel-Related Data. Although the Department has attempted to capture and subsequently validate travel costs and travel-related data on at least two occasions, neither attempt was successful.

1994-1995 Data Collection. The Task Force to Reengineer Travel could not support all Departmental travel costs during their 1994 through 1995 review. However, the “Report of the Department of Defense Task Force to Reengineer Travel,” concludes that they could not easily identify all costs involved in the TDY process. Specifically, the report states that the costs of administering travel were unquantifiable, and the cost of time spent by travelers completing authorizations and vouchers had never been officially calculated or documented. In addition, DoD systems had not been developed or updated to enable the Department to accurately capture and support all travel-related costs.

2002 Data Collection. Although personnel from Program Analysis and Evaluation attempted to develop a cost-effectiveness study and validate the 2001 DTS Economic Analysis, data was not always available to quantify DTS Program costs. The Under Secretary of Defense (Comptroller)/Chief Financial Officer responded to a draft of our July 1, 2002, report by tasking the Director, Program Analysis and Evaluation to complete a cost-effectiveness study. The Under Secretary stated that the Department would use the results of the study as a basis for continuing or terminating the DTS Program. The Director, Program Analysis and Evaluation, Office of the Secretary of Defense, conducted a review of the DTS Program and issued a report on December 17, 2002, “Defense Travel System Cost Effectiveness Review.” The report says the Department did not capture travel costs necessary to validate program savings. As a result, the report concluded that DTS may not be the most cost-effective solution to reengineering the Department’s travel process.

The Task Force to Reengineer Travel and the Director, Program Analysis and Evaluation attempts to capture and validate travel costs and other travel-related

data reveal a fundamental flaw in the Department's reporting process. Despite the problems disclosed during both reviews, the Department continues to not require the Services and Defense agencies to report quantifiable cost data. By establishing a formal reporting process, the Department can elicit the information from which to create a baseline from FY 2006 forward that will allow effective measurement of DTS productivity improvements and cost savings.

Ability to Measure DTS Benefits

The Department continues to make management decisions based on non-validated data and allocate resources to the DTS Program without the ability to measure projected benefits.

Management Decisions. The Assistant Secretary of Defense for Networks and Information Integration approved continuing the DTS Program in a December 24, 2003, memorandum, "Defense Travel System Acquisition Decision Memorandum," even though cost data in the 2003 DTS Economic Analysis and subsequent Addendum had not been validated. The DTS PMO had developed the 2003 DTS Economic Analysis, as required by DoD Instruction 5000.2, to provide a basis for the Milestone C Decision review. The Director, Program Analysis and Evaluation; Services; and Defense agencies reviewed the decision memorandum's conclusions but did not agree with them. The Principal Deputy Director, Program Analysis and Evaluation wrote in an October 20, 2003, memorandum that the 2003 DTS Economic Analysis did not provide a solid foundation for DTS Program costs. The Deputy Program Director, DTS PMO, said the Services revised the DTS PMO-developed lifecycle cost estimates and provided data they felt were more realistic. However, the Deputy Program Director, DTS PMO, stated that the DTS PMO had not ensured this information was validated prior to including it in the subsequent Addendum.

Personnel from the Office of the Assistant Secretary of Defense for Networks and Information Integration stated that, although the Addendum to the 2003 DTS Economic Analysis identified Program savings, those savings did not present a favorable return on investment. However, personnel from the Office of the Assistant Secretary stated that the Assistant Secretary approved moving forward with the Program based primarily on non-quantifiable benefits, not the Program's return on investment. See Appendix F for a list of the managerial and financial benefits (non-quantifiable) identified during the Milestone C Decision review.

Continuing to Fund the DTS Program. Since the Assistant Secretary of Defense for Networks and Information Integration conducted the Milestone C Decision review, the DTS PMO, Services, DFAS, DLA, and DISA have reported DTS Investment and Operation and Support costs of approximately \$293 million⁶ from FY 2003 through FY 2005.

⁶As of September 30, 2005, the DTS PMO updated lifecycle cost estimate data quantifies DTS Investment and Operation and Support costs of approximately \$205 million. In addition, the Services, DFAS, DLA, and DISA incurred DTS Investment and Operation and Support costs of approximately \$88 million.

Measuring Projected Benefits. Although the 2003 DTS Economic Analysis and subsequent Addendum identify potential benefits of implementing DTS, the Department cannot effectively measure those benefits. The 2003 DTS Economic Analysis identified cost savings of \$1.27 billion from FY 1996 (Program inception) through FY 2016 (end of the Program’s lifecycle). This resulted in a favorable 4.3 return on investment. Prior to the Milestone C Decision review, the Services; Defense agencies; and the Director, Program Analysis and Evaluation nonconcurred with the reported cost savings. The \$167 million in cost savings identified in the Addendum indicates a less favorable 0.74 return on investment. However, the Addendum compensates for the reduced cost savings by focusing more on the non-quantifiable benefits of DTS. The Deputy Program Director, DTS PMO, stated that the program office has a process in place for measuring the results of some non-quantifiable benefits. However, with the exception of monitoring DTS effects on accelerating the voucher payment process and developing a model to monitor the number of vouchers processed at some DoD sites, the Department has not demonstrated its ability to effectively measure those projected benefits.

Conclusion

We previously reported that DTS was at high risk of not effectively streamlining the Department’s travel management process. Since that report, the Department has continued the Program despite the lack of validated cost data supporting a sound decision-making process. OMB Circular A-94 and DoD Instruction 7041.3 require such data for making decisions and assessing the effectiveness of a program. The DTS PMO developed the July 2003 DTS Economic Analysis and subsequent Addendum without ensuring all sources of data were validated. During our attempt to develop a cost benefit evaluation, the Department could not support all FY 2003 through FY 2005 DTS and legacy system costs. Therefore, the Department should develop a process that requires the Services and Defense agencies to capture data necessary for validating, and subsequently, measuring whether DTS savings exist. In addition, the Department should develop a process that enables it to effectively measure non-quantifiable benefits supporting the Department’s decision-making process to continue the DTS Program. Without that support, the Department will not be able to measure potential savings or productivity improvements derived by using DTS. As a result, the program remains at risk of not being a cost-effective solution to transforming the Department’s travel management process.

Management Comments on the Finding and Audit Response

Management Comments. The Director, Program Analysis and Evaluation nonconcurred with the audit report, stating that the Unofficial Guide was not formally released and does not constitute formal guidance when preparing economic analyses. The Director also states that the Department has already issued formal guidance on developing an economic analysis: DoD Directive 5000.04, “Cost Analysis Improvement Group,” November 24, 1992

(revised on August 16, 2006); DoD Directive 5000.4-M, “Cost Analysis Requirements and Procedures,” December 1992; and DoD Instruction 7041.3. The Director inferred that the report blames DTS PMO’s use of the Unofficial Guide for unsubstantiated cost data and says that revising the Unofficial Guide would result in FY 2003 through FY 2005 auditable cost estimate data.

Audit Response. We agree that the Unofficial Guide has not been officially issued by the Department and that DoD Instruction 7041.3 provides general guidance on developing an economic analysis. DoD Directive 5000.04 and DoD Directive 5000.4-M also provide guidance on preparing an economic analysis; however, those Directives primarily provide overarching descriptions and general content requirements for preparing a Cost Analysis Requirements Description and not an actual economic analysis. Specifically, DoD Directive 5000.04 provides guidance on reviewing the completeness and consistency of a Cost Analysis Requirements Description and DoD Directive 5000.4-M provides implementing guidance on how to prepare and present a Cost Analysis Requirements Description document. We did not mean to imply that the Unofficial Guide had been officially issued or constituted official DoD guidance. Rather, we intended to demonstrate that an unofficial document that does not require auditable data sources was being used by the Department as a supplemental source of instruction for preparing an economic analysis. The Unofficial Guide provides more detailed descriptions of the types of cost data and the overall cost element structure than DoD Instruction 7041.3 describes. The Unofficial Guide also provides standardized terms to use to identify and classify cost elements that should be in an economic analysis. DoD Instruction 7041.3 does indeed require an economic analysis to include auditable data. However, the detailed procedures in the Unofficial Guide could calibrate preparation of any future automated information system economic analysis. Therefore, we believe that the Director should reconsider his position to officially issue the guide as DoD implementing guidance to facilitate the development of an automated information system economic analysis consistent with requirements for auditable data in DoD Instruction 7041.3.

We also did not mean to imply that DTS and travel-related cost data could not be audited because the DTS PMO used the Unofficial Guide when preparing the 2003 DTS Economic Analysis and subsequent Addendum. Nor did we mean to imply that by revising the Unofficial Guide and officially issuing it, the Department would be able to provide auditable FY 2003 through FY 2005 cost data. In fact, the report recognizes that the Department has a history of being unable to validate its travel cost data.

Recommendations, Management Comments, and Audit Response

Revised Recommendation. As a result of management comments, we revised draft Recommendation A.4. to clarify the intent of the recommendation.

A.1. We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer and Under Secretary of Defense for

Personnel and Readiness jointly establish a formal reporting process in coordination with Department Comptrollers that requires each Service and Defense agency Comptroller to maintain detailed records of all Defense Travel System and legacy system costs.

A.2. We recommend that the Under Secretary of Defense for Personnel and Readiness:

a. Develop a process that facilitates the Department’s ability to effectively measure whether using the Defense Travel System has enabled DoD to achieve projected benefits, both quantifiable and non-quantifiable, cited in the September 2, 2003, Addendum to the 2003 Defense Travel System Economic Analysis.

b. Require all DoD Components to appoint an official within that Component who is responsible for implementing the Defense Travel System.

A.3. We recommend that the Director, Defense Finance and Accounting Service implement a process to ensure voucher payments recorded in the disbursing systems can be reconciled to voucher payment data in the e-Biz accounting system to facilitate the Department’s ability to accurately report travel voucher payments data.

Management Comments. The Director, Indianapolis Operations, partially concurred, stating that Travel Operations will assist the e-Biz and budget offices in addressing discrepancies between travel claims disbursed and data recorded in e-Biz by June 30, 2007. However, the Director, Indianapolis Operations states that the e-Biz and budget areas have primary responsibility for this issue.

Audit Response. We consider DFAS comments partially responsive to the intent of Recommendation A.3. Although the Director, Indianapolis Operations stated they would assist the e-Biz and budget offices in addressing discrepancies, he did not indicate how they would assist those offices or whether they would implement a process to improve the Department’s ability to report travel voucher data in the future. In addition, the office with primary responsibility for this action, based on comments provided by the Director, Indianapolis Operations, did not respond to the draft report. The intent of the original recommendation was for DFAS to develop such a process to ensure that voucher payment data recorded in the disbursing systems can be accurately reconciled to the summary information contained in e-Biz. Therefore, we request that the office within DFAS responsible for e-Biz also provide comments on Recommendation A.3. in response to the final report.

A.4. We recommend that the Director, Program Analysis and Evaluation issue the “Unofficial Guide for the Economic Analysis of Defense Information Technology Investments,” as implementing guidance for DoD Instruction 7041.3.

Management Comments Required

The Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Under Secretary of Defense for Personnel and Readiness did not comment on a draft of this report. We request that they comment on the final report.

B. Use of the Defense Travel System

Not all Components within the Services and Defense agencies were using DTS to support routine TDY at sites where DTS had been deployed. In fact, 5 of 27 sites we visited were not using DTS at all, and the remaining sites continued to sometimes use legacy systems to process and support routine TDY. One reason DTS was not solely used to support routine TDY was the Department's lack of an overall travel management strategy to guide the Program in achieving the benefits identified in the Addendum to the 2003 DTS Economic Analysis. As a result, the Department has not realized the full benefits of using DTS.

Use of DTS Mandated

On July 17, 2001, the Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Under Secretary of Defense for Acquisition, Technology, and Logistics issued a memorandum, "Defense Travel System," stating that DTS would be the single standard system for satisfying TDY requirements. On October 18, 2004, nearly 3 years later, the Deputy Secretary of Defense issued Management Initiative Decision 921 (MID 921), "Commercial Travel Management," requiring DoD Components not to use paper-based or automated legacy TDY systems to process travel once DTS was fielded to them. After the Deputy Secretary of Defense issued MID 921, the Services issued memorandums mandating that their respective Components implement DTS once it was deployed to their sites. (See Appendix E for a list of DoD and Service-specific policy requirements for DTS.)

Sites Not Using DTS

Despite DoD- and Service-level requirements to use DTS, 5 of 27 sites we visited were not using DTS even though the System had been deployed to them.

Naval Air Station Pensacola Training Squadron 2 and 3. Neither Training Squadron 2, nor Training Squadron 3 used DTS to support TDY travel. Personnel from Training Squadron 2 and 3 stated that, although DTS was initially deployed to each of their sites in May 2004, they had not used DTS to support travel. Training Squadron 2 and 3 are subordinate commands of Training Wing 5. Personnel from Training Wing 5 stated that its Commander had issued verbal orders not to use DTS because of a previous experience with DTS. Specifically, Training Wing 5 personnel stated that the Commander was scheduled to take a trip and used DTS to create the authorization; however, when the Commander arrived at the airport, DTS had not booked the ticket. During our audit, Training Squadron 2 and 3 began using DTS to support routine TDY on April 17, 2006.

Naval Air Station Mayport Aircraft Intermediate Maintenance Detachment. The Aircraft Intermediate Maintenance Detachment did not use DTS to support TDY travel. Personnel stated that, although DTS training and

initial deployment to the site began in February 2004, the personnel had not used DTS to support travel. The personnel stated that the Commander verbally instructed them not to implement DTS because the Commander believed the System malfunctioned and was inefficient.

9th Naval Construction Regiment. The 9th Naval Construction Regiment did not use DTS to support TDY travel. Personnel stated that although DTS was initially deployed to the Joint Reserve Base in April 2005, they had not used it to support travel for Active Duty and Reserve personnel. They stated that authorizations for Active Duty personnel are processed using the Windows version of the Automated Travel Order System and authorizations for Reservists are processed using the Navy Reserve Order Writing System. All vouchers are manually prepared. According to the DTS PMO, the import and export function necessary to incorporate Navy Reserve authorizations was completed, thus providing a logical (direct) interface to DTS. However, according to the Navy Reserve Order Writing System Program Manager, the interface was yet to be properly tested to the satisfaction of the Navy.

Naval Consolidated Brig. Naval Consolidated Brig personnel stated that although DTS was deployed to the site and they declared initial operating capability in May 2005, they had not used DTS to support travel. They stated that they continued to use a manual process for creating authorizations and vouchers instead of using DTS because they felt DTS did not support the use of centrally billed accounts. In addition, because they had a limited number of staff that had been issued Government credit cards, the Commander had not encouraged use of DTS.

Continued Use of Legacy Systems to Support TDY

We developed a random sample of 1,632 FY 2005 authorizations and vouchers not processed through DTS at 26 sites. Appendix D presents a site-by-site breakdown of sample items reviewed and the results of those reviews. The number and size of each sample varied based on the universe of vouchers or authorizations each site stated they had processed during FY 2005. (Appendix A describes the methodology we used in developing each sample.)

Of the 1,632 vouchers reviewed at 26 sites, 892 of the sample items could have been processed using DTS. The vouchers that could have been processed through DTS included: most types of local travel, invitational travel, group travel, blanket order travel, and routine TDY. However, some sample items relating to local travel could have been for a dependent or retiree seeking medical treatment and those individuals would not have access to DTS and, therefore, could not have used DTS to process the travel voucher.

The use of legacy systems after DTS has been implemented reduces the Department's ability to achieve potential cost savings from reduced DFAS fees charged to disburse a DTS voucher. For example, 295 of the 892 vouchers were Army and Defense agency vouchers that could have been processed through DTS. The 295 Army and Defense agency vouchers could have reduced overall travel

processing costs paid to DFAS by as much as \$31.80 per voucher. In addition, the Department limits its ability to successfully achieve the projected results for non-quantifiable benefits. The Department will not be able to transform existing travel management from a paper-based process to an automated, fully integrated end-to-end travel and financial management system until it requires the Services and Defense agencies to discontinue using legacy systems.

Travel Management Strategy

The Department lacks an overall travel management strategy to guide the Program in achieving the benefits identified in the Addendum to the 2003 DTS Economic Analysis. We believe an effective strategy should provide:

- an effective DoD-wide process for monitoring DTS use once the System has been deployed to user sites;
- procedures for holding the Services and Defense agencies accountable for complying with DoD policy to implement and use DTS for routine TDY by the end of FY 2006;
- DTS support for all types of routine TDY and changes to travel policy; and
- a plan for meeting existing requirements defined in the DTS Operational Requirements Document,⁷ November 18, 2002, and new requirements that may be added.

Accountability for Using DTS

Monitoring DTS Use. The DTS PMO and Army do not have a uniform process for monitoring DTS use and, therefore; they use inconsistent data to track DTS use.

Existing Processes for Monitoring DTS Use. Although the DTS PMO developed a model to monitor DTS use, it does not include data for all DoD sites. In fact, the model only includes data for the approximately 280 Phase I and Phase II sites (where the DTS PMO is responsible for implementing DTS), and does not include data for any Phase III sites where the Services and Defense agencies are responsible for DTS implementation. The table illustrates internal DTS PMO estimated rates of as of February 2006.

⁷DoD 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs and Major Automated Information System Acquisition Programs," April 5, 2002, requires the Department to document costs and mission requirements in an Operational Requirements Document. The DTS Operational Requirements Document was designed to serve as the vehicle for documenting DTS operational requirements, and managing the scope of the acquisition process as changes to DoD travel policy occur.

DTS PMO Rates of Use as of February 2006

DoD Component	Rate of Use
Army	57 percent
Navy	34 percent
Air Force	50 percent
Marine Corps	23 percent
Defense Logistics Agency	69 percent
Remaining Defense Agencies	16 percent

As shown by the data in the table, statistics indicate that the Department, on average, is using DTS less than half of the time to process vouchers at Phase I and Phase II sites. Although the DTS PMO developed the model to monitor DTS use at Phase I and Phase II sites, this model does not enable the Departments to effectively monitor DTS use Department-wide.

The Army issued a September 24, 2004, memorandum, "Defense Travel System (DTS) Proliferation," stating that it planned to monitor compliance with the requirement to use DTS. According to the Army DTS Representative, the Army financial management community discusses Army-wide progress in meeting that goal three times a year with representatives from the Major Army Commands. However, updated metrics are forwarded to each Army Major Command on a monthly basis, and if that command is not showing improvement, the command must provide a plan of action to improve its performance in meeting the goal. The Army included DTS as a goal in the FY 2006 Joint Reconciliation Program. As of February 2006, the Army reported that DTS was being used 72 percent of the time at sites where it is deployed.

Consistency of Data Used for Monitoring DTS Use. The DTS PMO and Army used different types of data to monitor use of DTS. The DTS PMO used ticket count data from 2001 to develop its model, broken out by Service and Defense agency for Phase I and Phase II sites. However, personnel from the DTS PMO acknowledged that this information may no longer be representative of overall Department-wide travel because it was based on data available prior to the Global War on Terrorism. Personnel from the DTS PMO stated that since the Global War on Terrorism began, the number of tickets issued and amount of travel occurring, has changed. The Army uses its own methods to monitor DTS use at all its sites where DTS has been implemented, including Phase I, Phase II, and Phase III sites. As a result, consistent data is not being used to report DTS use. For example, the DTS PMO results show the Army achieved a 57 percent cumulative DTS use rate during the period July 2001 through February 2006, while the Army statistics show that it achieved a 72 percent use rate (during February 2006). Until DoD develops a single process that uses consistent data and reporting periods for monitoring use of DTS, it cannot hold the Services and

Defense agencies accountable for not using DTS and will not have a comprehensive baseline for measuring progress toward achieving 100 percent use of DTS.

Routine TDY Not Processed Through DTS. During site visits, we found several instances where FY 2005 travel that should have been processed through DTS was processed by legacy systems. Examples of those types of travel include:

- Travel when an individual did not have a Government credit card,
- Travel when a centrally billed account was used,
- Travel resulting from the use of another activity's line of accounting (invitational travel),
- Group travel,
- Blanket order travel, and
- Travel occurring outside the Continental United States.

During a meeting with the Deputy Program Director, DTS PMO, on May 2, 2006, we discussed the various reasons sites provided for not using DTS. During that meeting, the Deputy Program Director reiterated that travel involving the use of a centrally billed account; another organization's line of accounting; and group, blanket order, and invitational⁸ travel could be processed using DTS. If the Department had a process in place to effectively monitor DTS use and the Services and Defense agencies were held accountable for not using DTS, it would prevent travel from being processed using means other than DTS.

Development of DTS Functionality

DTS does not support all types of routine or business TDY, as required in the DTS Operational Requirements Document, because the DTS PMO has not developed all required functionality during planned releases or updates to the System. However, DoD management has begun reviewing not only DTS, but the travel process as a whole, to determine whether it is cost effective for DTS to support all types of TDY travel.

Travel Supported by DTS. The DTS PMO planned to deploy DTS through an evolutionary acquisition approach by adding functionality to the core capabilities of DTS with multiple major releases. The DTS Operational Requirements Document states that by the completion of the last major release,⁹ all routine and

⁸Effective October 1, 2004, the Joint Federal Travel Regulations, Appendix O, was updated and invitational travel was removed from the list of travel not supported by DTS.

⁹According to the Program Director, DTS PMO, and the Director, DTMO, the last remaining major release will no longer be executed as a major release, but rather as a series of updates to DTS as functionality is developed.

business TDY was supposed to be supported by DTS. However, on February 22, 2006, DFAS issued a report, "Review of the Defense Travel System," that identifies 24 types of routine or business TDY in the Joint Federal Travel Regulations that were not included in scheduled releases or the final release. Examples of those types of travel include travel for prisoners and guards, Reserve and Guard members' travel, and permanent duty travel.

In addition, the Department has yet to support other types of travel that were scheduled to be supported by DTS during previous major releases in FY 2004 and FY 2005, including travel for retirees or reservists called to active duty and travel during emergency situations (evacuation or safe haven travel). The DTS PMO has not ensured all functionality requirements were developed on time and changes to travel policy have not been implemented.

Travel Functionality Requirements. The DTS PMO has not developed all requirements nor has it addressed existing system change requests. The DTS PMO and Director, Defense Travel Management Office (DTMO) stated that all requirements have not been developed because of budget constraints and cumbersome travel policies. In addition, the Department has not developed a plan stating how and when critical functionality not met as planned by previous releases or planned for the final release will be executed. Because the following functionality is critical to DTS successfully supporting all business and routine TDY, the Department should develop a plan and update it as necessary to ensure all requirements are successfully met. This functionality includes:

- Reserve and National Guard travel expected to provide an interface to the Defense Integrated Military Human Resource System, thereby allowing the Services to terminate the use of legacy systems currently required to process Reserve and Guard travel.
- direct vendor reservations expected to provide a direct interface between travel systems and suppliers (hotels, rental car companies, and airlines), thereby increasing discounts from suppliers based on volume of use.
- a lodging interface expected to provide travelers a link to booking military quarters on-line, thereby facilitating the use of Government billeting and decreasing overall lodging costs within the Department.
- Military Entrance Processing Stations expected to provide recruits with the ability to arrange individual travel reservations for traveling to their basic training sites.
- permanent duty travel computation expected to provide certified computation of permanent duty travel entitlements for a traveler and all dependents.

System Change Requests. The DTS PMO has not addressed all system change requests that seriously impact DTS functionality. As of May 9, 2006, the DTS PMO provided a list of 16 "priority-2" system change requests. According to the DTS PMO, a priority-2 system change request is a serious system problem

that limits the user's ability to process travel using DTS. The list of 16 priority-2 system change requests includes unresolved issues reported as long ago as October 2003. Because priority-2 system change requests could prevent or limit a user's ability to use DTS, the DTS PMO needs to develop a more effective method of managing those requests to ensure timely and prompt resolution of issues affecting the Department's ability to effectively use DTS as a single system to support routine or business TDY.

Program Constraints. According to the Deputy Program Director, DTS PMO, budget reductions have caused the Program Office to delay development of functionality planned for previous releases. The Director, DTMO stated that complicated and cumbersome travel policies also preclude DTS from supporting all types of routine TDY. Therefore, the Department should assess the feasibility of developing the remaining DTS functionality and whether supporting all types of routine travel is cost-effective.

Recent Actions by DoD Management. Since MID 921 was issued in 2004, personnel within the Office of the Under Secretary of Defense for Personnel and Readiness have taken a proactive approach to managing and overseeing not only DTS, but the entire travel process. According to the Director, DTMO, on March 24, 2006, the Under Secretary of Defense for Personnel and Readiness briefed the newly created commercial travel vision to the Deputy Secretary of Defense. The Deputy Secretary of Defense approved the vision and, since then, the DTMO has taken steps to improve the travel management process, including undertaking a DTS reservation-module enhancement to make the system easier to use.

However, during a meeting with the Under Secretary of Defense for Personnel and Readiness on May 5, 2006, we expressed concern with many underlying issues affecting the success of DTS. The Under Secretary indicated that he recognized the need to change the approach for implementing and using DTS at a Department-wide level and stated that his office had begun developing a new strategy. The Under Secretary stated that he hopes this strategy will enable the Department to use DTS as an effective tool for transforming travel process weaknesses identified in the "Report of the Department of Defense Task Force to Reengineer Travel." He said changes to the travel process should not be limited to changes that are based solely on automation. At the direction of the Under Secretary of Defense for Personnel and Readiness, the Director DTMO stated that DTMO plans to take a look at what types of travel DTS currently supports as compared to all types of travel necessary to support the Department's mission. In addition, the Director stated that the overall goal of the Under Secretary is to provide a system that people want to use, rather than requiring them to use a system that does not support their travel needs.

Transformation of the Department's Travel Process

The Department will not realize the originally anticipated cost savings benefits of using DTS. The Addendum to the 2003 DTS Economic Analysis reported that the Department could realize \$167 million in cost savings by implementing DTS.

However, the Department could not provide supporting documentation for us to validate costs for even 1 year, let alone the cost savings reported in the Addendum. In addition, the Addendum lists financial and managerial non-quantifiable benefits. According to the Addendum, one such benefit is a reduction in manpower necessary to support travel administration. The Air Force, for example, stated that it planned to re-designate 375 manpower billets supporting travel pay services and use those billets to support other Air Force operations. However, as of June 2006, the Air Force has not been able to meet this goal because of a lack of DTS functionality, continued use of legacy systems, and delays in fielding DTS. Although actual taxpayer savings will not occur through the reassignment of personnel, the Air Force will be able to more effectively use limited resources to support the warfighter through its implementation of DTS.

Despite the Department's investment of approximately 10 years and more than \$496 million, it has not taken appropriate steps to achieve and sustain travel process reform on a strategic, Department-wide, and integrated basis. Until the Department develops a travel management strategy addressing DTS support for all types of routine TDY, functional requirements, accountability for using the System, a means for monitoring Department-wide use of DTS, legacy system use, and a process to measure realistic benefits it could potentially achieve, DoD will not be able to determine whether it could achieve those benefits.

Recommendations

Revised and Deleted Recommendations. Public Law 109-364, "John Warner National Defense Authorization Act for FY 2007," was enacted on October 17, 2006. We revised draft Recommendations B.1.a, B.1.b, and B.2 to clarify that action in response to these recommendations should be predicated on results of the DTS study required by section 943 of the law and a decision to continue the DTS Program. We deleted Recommendation B.1.c because the DTS study mandated by section 943 requires a comprehensive assessment of DTS by an independent entity (outside the Department) to determine the feasibility of separating the DTS financial infrastructure from the travel reservation process. The study will also determine feasibility of converting the travel reservation process to a fee-for-service system and making the financial infrastructure of DTS mandatory.

B.1. We recommend that, after the recently legislated Defense Travel System study is completed and if a decision is made to continue the Defense Travel System, the Under Secretary of Defense for Personnel and Readiness:

a. Develop, in coordination with the Director, Business Transformation Agency; the Services; and Defense agencies, a travel management strategy that addresses key issues affecting the successful transformation of the Department's temporary duty travel process, and includes:

1. a plan for effectively implementing the Defense Travel System at the remaining Phase II and Phase III sites, and

2. a single methodology for effectively and consistently monitoring compliance with Department and Service-specific policy.

b. Establish, in conjunction with all DoD Components, a plan that addresses short- and long-term goals for the Department in achieving 100 percent use of the Defense Travel System for routine temporary duty travel.

B.2. We recommend that, after the recently legislated Defense Travel System study is completed and if a decision is made to continue the Defense Travel System, the Program Director, Defense Travel System Program Management Office, institute a more effective and timelier process for addressing system change requests to improve the Department's ability to use the System.

Management Comments Required

The Under Secretary of Defense for Personnel and Readiness and the Program Director, DTS PMO did not comment on a draft of this report. We request that they comment on the final report.

Appendix A. Scope and Methodology

We performed this audit in response to a congressional request from the Chairman, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs.

Work Performed. We conducted a program review of DTS following generally accepted government auditing standards from September 26, 2005, through September 20, 2006, to identify whether the System is being used throughout the Department.

- We reviewed DTS PMO, Service, and Defense agency implementation plans to identify those sites where DTS had been deployed by the end of FY 2005.
- We developed a judgmental sample of 32 sites where DTS should have been implemented prior to June 1, 2005, including 5 Army sites, 17 Navy sites, 5 Air Force sites, 2 Marine Corps sites, and 3 Defense agency sites.
- Using Audit Command Language, we developed a random sample of legacy system authorizations or vouchers processed during FY 2005 (or for the applicable portion of FY 2005 if DTS initial operating capability was declared during FY 2005) at 26 sites visited.

We reviewed documentation, including the 2003 DTS Economic Analysis; the Addendum to the 2003 DTS Economic Analysis; the DTS Cost Analysis Requirements Description, November 22, 2002; and the DTS Joint Reconciliation Document, April 7, 2003; to identify the methodology used by the Department in calculating previous DTS Program costs.

We requested actual DTS Investment and Operation and Support costs, and legacy system costs for FY 2003 through FY 2005, projected costs for FY 2006, and programmed costs for FY 2007 through FY 2016. We did not request supporting documentation for FY 1996 through FY 2002 because we planned to determine whether current costs could be supported prior to reviewing underlying data for those older Program costs.

We reviewed updated lifecycle cost estimates containing DTS Investment and Operation and Support costs, and legacy system costs that the DTS PMO, and Service and Defense agency DTS Representatives provided for FY 2003 through FY 2005. We also reviewed all source documentation provided by the DoD Components to determine whether their updated DTS and legacy system costs could be validated.

We evaluated the management and oversight of DTS by conducting interviews with officials from the Offices of the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller)/Chief Financial Officer; the Under Secretary of Defense for Personnel and Readiness,

the Assistant Secretary of Defense for Networks and Information Integration; the Director, Program Analysis and Evaluation; DFAS; and the DTS PMO.

We reviewed DoD acquisition guidance and acquisition-related documentation developed by the DTS PMO to support the Assistant Secretary of Defense for Networks and Information Integration decision to designate the Program as an Acquisition Category IAM major automated information system, including the DTS Operational Requirements Document; Lifecycle Cost Estimates; DTS Acquisition Program Baseline, December 23, 2003; DTS Test and Evaluation Master Plan, May 28, 2003; and the Acquisition Decision Memorandum, "Designation of Defense Travel System as a Major Automated Information Systems Acquisition Category IAM Program."

In addition, we reviewed DoD and Service-specific memorandums mandating the use of DTS once deployed to a site. Specifically, we reviewed MID 921; a Principal Deputy Assistant Secretary of the Army (Financial Management and Comptroller) memorandum, "Defense Travel System (DTS) Proliferation," September 24, 2004; NAVADMIN 121/04, "DBSIGN - Defense Travel System Deployment," May 7, 2004; an Assistant Secretary of the Air Force (Financial Management and Comptroller) memorandum, "Defense Travel System (DTS) Implementation," November 2, 2004; and MARADMIN 068/05, "Policy on Implementation of DTS" February 15, 2005.

Scope Limitations. Although we initially identified and selected 32 sites to visit, budgetary constraints limited visits to only 27 sites. At the Naval Air Station Mayport Aviation Support Detachment we did not develop a sample because all vouchers, according to personnel from the Detachment, were processed through DTS in FY 2005.

Audit Disclosure. The DoD OIG uses DTS to support TDY and local travel requirements, which could ultimately affect the auditors' objectivity.

Use of Computer-Processed Data. We reviewed computer-processed data from legacy travel and financial systems to develop samples of FY 2005 non-DTS travel vouchers. Specifically, we reviewed computer-processed data from the Reserve Travel System, the Integrated Automated Travel System, the Windows version of the Automated Travel Order System, the Automated Business Service System, the Reserve Order Writing System, the Standard Accounting and Reporting System, the Operational Data System, the Standard Finance System, the Defense Disbursing Analysis and Reporting System, the Commanders Resource Information System, the Automated Fund Control and Order System, the General Accounting and Finance System, and the Fund Administration and Standardized Document Automation. We also reviewed data from the Centralized Disbursing System, Automated Disbursing System, and Standard Finance System Redesign-1 to identify the total number of travel voucher disbursements made by DFAS during FY 2005. In addition, we reviewed data from the Civilian Pay File and Active Duty Pay File databases, which are owned by the Defense Manpower Data Center, in an attempt to identify the site where each voucher originated. We did not evaluate the completeness and reliability of the data produced by those systems, nor did we test the general and application

controls of each system. We did not plan to project the results of our sample across the Department. Not assessing computing reliability did not affect the conclusions of this report.

Sample Design. We randomly selected a sample of 151 sites from military Services and other Defense Agencies. From this sample we judgmentally selected 26 sites. For each selected sample site, we selected random samples of travel authorizations or vouchers processed by legacy travel systems during FY 2005. To determine whether each voucher could have been processed using DTS, we reviewed the corresponding authorization to determine the type of travel that occurred. Appendix D details the results of the sample.

Use of Technical Assistance. The DoD OIG Quantitative Methods Division assisted in developing the sampling methodology used during the audit. The DoD OIG Technical Assessment Division assisted in developing a methodology to do a cost benefit evaluation of DTS. In addition, the Technical Assessment Division provided assistance in reviewing updated lifecycle cost estimate data.

Government Accountability Office (GAO) High-Risk Area. The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the DoD Business System Modernization and DoD Approach to Business Transformation high-risk areas.

Prior Coverage

During the last 5 years, GAO and the Department of Defense Office of Inspector General (DoD OIG) have issued four reports that discuss DTS. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/audit/reports>.

GAO

GAO Report No. GAO-06-18, "DoD Business Transformation: Defense Travel System Continues to Face Implementation Challenges," January 18, 2006

GAO Report No. GAO-04-576, "DoD Travel Cards: Control Weaknesses Resulted in Millions of Dollars of Improper Payments," June 9, 2004

GAO Report No. GAO-04-398, "DoD Travel Cards: Control Weaknesses Led to Millions of Dollars Wasted on Unused Airline Tickets," March 31, 2004

DoD OIG

DoD OIG Report No. D-2002-124, "Allegations to the Defense Hotline on the Management of the Defense Travel System," July 1, 2002

Appendix B. Congressional Request Letter

SUSAN M. COLLINS, MAINE, CHAIRMAN
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JOYCE A. REICHSCHNAPF, SENIOR STAFF DIRECTOR AND COUNSEL

United States Senate
COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

August 11, 2005

VIA U.S. MAIL & FACSIMILE (703/604-8325)

The Honorable Joseph E. Schmitz
Inspector General
Department of Defense
400 Army Navy Drive, Suite 1000
Arlington, VA 22202-4704

Dear Mr. Schmitz:

Pursuant to its authority under Senate Resolution 66, 108th Congress, Section 11(e), the United States Senate Permanent Subcommittee on Investigations (the "Subcommittee") has been conducting an investigation into the travel policies and practices of the Department of Defense (DOD).

I am concerned that the Defense Travel System (DTS), which has cost almost \$400 million to date, is not delivering on the promised cost savings that were used to justify the implementation of the system. In your 2002 report, *Acquisition: Allegations to the Defense Hotline on the Management of the Defense Travel System*, you recommended that DOD determine if DTS is "the most cost-effective solution to the travel process."

Part of the response by Assistant Secretary of Defense Comptroller's to this recommendation was to task the Director, Program Analysis and Evaluation (PA&E) to conduct a study which would in part address cost savings generated by DTS. The study concluded, "Because there may be alternative solutions that are less expensive, PA&E cannot verify that DTS provides the most cost effective solution." The question as to whether DTS is the most cost-effective solution still remains unanswered. I find it unconscionable that DOD would spend almost a half a billion taxpayer dollars on a travel system without any reliable assessment as to whether it will save taxpayer money and work as intended.

DOD has repeatedly assured me that DTS has no problems. However, I continue to receive reports that are critical of DTS' performance and costs. Therefore, I believe it is absolutely essential that you undertake a full, complete and independent performance and cost benefit evaluation of DTS to determine if it is the most cost-effective solution to DOD's travel needs. I ask that your evaluation make such recommendations as are necessary to ensure that DOD's travel system achieves the goals that justified the creation of DTS. Such an objective assessment will ensure that taxpayer dollars are not wasted and will ensure that DOD implements an effective, efficient and economical travel system that meets the travel needs of DOD.

I request that you issue a report on the DTS not later than February 15, 2006. I look forward to your response. If you have any questions please feel free to contact me or have your staff contact Jay Jennings, Senior Investigator at 202/224-3721.

Sincerely,

A handwritten signature in black ink that reads "Norm Coleman". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Norm Coleman
Chairman
Permanent Subcommittee on Investigations

Appendix C. Summary of FY 2003 through FY 2005 Lifecycle Cost Estimate Data

Table C1 identifies DTS Investment costs the DTS PMO, Services, and Defense agencies submitted in their lifecycle cost estimates. In addition, it supports our conclusion that the submissions were not adequately supported and did not provide a baseline to develop a cost benefit evaluation.

Table C1. FY 2003 through FY 2005 DTS Investment Costs (in millions)				
DoD Component	Total FY 2003 through FY 2005 Reported Costs	<u>Scope of Review (FY 2005)</u>		
		FY 2005 Reported Costs	FY 2005 Supported Costs	FY 2005 Unsupported Costs
DTS PMO	\$170.48	\$48.20	\$47.31	\$.89
Army	\$ 7.17	\$ 3.64	\$ 0	\$ 3.64
Navy	\$ 6.65	\$ 5.75	\$ 0	\$ 5.75
Air Force	\$ 0.16	\$.06	\$ 0	\$.06
Marine Corps	\$ 1.76	\$.79	\$ 0	\$.79
DFAS	\$ 0	\$ 0	\$ 0	\$ 0
DLA	\$ 0	\$ 0	\$ 0	\$ 0
DISA	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$186.22	\$58.44	\$47.31	\$11.13

Table C2 identifies DTS Operation and Support costs the DTS PMO, Services, and Defense agencies submitted in their lifecycle cost estimates. In addition, it illustrates that submissions were not adequately supported.

DoD Component	Total FY 2003 through FY 2005 Reported Costs	FY 2005 Reported Costs	Scope of Review (FY 2005)	
			FY 2005 Supported Costs	FY 2005 Unsupported Costs
DTS PMO	\$ 35.00	\$.73	\$.73	\$ 0
Army	\$ 25.60	\$15.65	\$ 0	\$15.65
Navy*	\$ 9.57	\$ 5.60	\$ 0	\$ 5.60
Air Force	\$ 29.96	\$17.00	\$6.59	\$10.41
Marine Corps*	\$.05	\$.04	\$ 0	\$.04
DFAS	\$ 2.45	\$ 1.76	\$ 0	\$ 1.76
DLA	\$ 3.81	\$ 2.89	\$ 0	\$ 2.89
DISA	\$.48	\$.38	\$ 0	\$.38
Total	\$106.92	\$44.05	\$7.32	\$36.73

*The Navy and Marine Corps provided cost data for only FY 2004 and FY 2005.

Table C3 identifies legacy system costs the Services and Defense agencies submitted in their lifecycle cost estimates. It offers further evidence that submissions were not adequately supported.

Table C3. FY 2003 through FY 2005 Legacy System Costs (in millions)				
DoD Component	Total FY 2003 through FY 2005 Reported Costs	FY 2005 Reported Costs	<u>Scope of Review (FY 2005)</u>	
			FY 2005 Supported Costs	FY 2005 Unsupported Costs
Army	\$187.81	\$ 45.33	\$0	\$ 45.33
Navy	\$118.53	\$ 40.81	\$0	\$ 40.81
Air Force	\$373.62	\$121.37	\$0	\$121.37
Marine Corps	\$ 12.85	\$ 4.35	\$0	\$ 4.35
DFAS	\$ 2.97	\$.72	\$0	\$.72
DLA	\$ 15.04	\$ 2.71	\$0	\$ 2.71
Totals	\$710.82	\$215.29	\$0	\$215.29

Appendix D. Sample of Travel Vouchers

We sampled vouchers from 18 sites that were processed during FY 2005 using methods other than DTS. At two sites (Fort Campbell and the 9th Naval Construction Regiment) our sample was based on a combination of authorizations and vouchers. The results of those two sites are included in Table D1.

Site	Period of Sample¹⁰	Sample Size	Number of Sample Items DTS Could Process	Number of Sample Items DTS Could Not Process	Could Not Determine
Army					
Fort Campbell		96	35	61	
Fort Dix	April 27, 2005 through September 30, 2005	19	13		6
Army National Guard Bureau Headquarters		95	0	0	95
Presidio of Monterey (Defense Language Institute Foreign Language Center)		82	40	37	5
Navy					
Aircraft Intermediate Maintenance Detachment		32	28	0	4
Naval Computer and Telecommunications Station		18	18	0	0

¹⁰The scope of the sample included vouchers processed by non-DTS methods during FY 2005 (October 1, 2004 through September 30, 2005), unless otherwise noted. If noted, the sample results were based on the time the site achieved DTS initial operating capability through the end of FY 2005.

Naval Consolidated Brig	May 20, 2005 through September 30, 2005	23	11	12	0
Naval Postgraduate School		93	90	0	3
9th Naval Construction Regiment		59	48	6	5
Air Force					
Altus Air Force Base		94	23	67	4
Cannon Air Force Base		95	14	78	3
Eglin Air Force Base	March 1, 2005 through September 30, 2005	96	30	58	8
Ellsworth Air Force Base		95	23	71	1
McChord Air Force Base		96	41	51	4
Marine Corps					
Marine Corps Air Station Beaufort		93	35	37	21
Marine Corps Recruiting Depot Parris Island	January 1, 2005 through September 30, 2005	94	63	16	15
Defense Agencies					
Defense Contract Management Agency Headquarters		95	90	1	4
DFAS Kansas City	May 4, 2005 through September 30, 2005	24	23	0	1
Total		1,299	625	495	179

Table D2 shows the results of vouchers reviewed at 8 sites where the sample was based on authorizations created during FY 2005 either manually or by using a legacy system. In cases where the results were not clear or sufficient documentation was not provided, we could not determine the result of that sample item.

Table D2. Samples Derived from Travel Authorizations					
Site	Period of Sample¹¹	Sample Size	Number of Sample Items DTS Could Process	Number of Sample Items DTS Could Not Process	Could Not Determine
Army					
Fort Hood	March 1, 2005 through September 30, 2005	58	51	4	3
Navy					
Center for Naval Engineering	July 5, 2005 through September 30, 2005	3	2	0	1
Center for Personnel Development	May 1, 2005 through September 30, 2005	17	14	0	3
Mine Squadron II Corpus Christi	May 1, 2005 through September 30, 2005	27	5	15	7
Naval Criminal Investigative Services		4	2	0	2
Training Squadron II Pensacola		81	78	2	1
Training Squadron III Pensacola		73	72	0	1

¹¹The scope of the sample included vouchers processed by non-DTS methods during FY 2005 (October 1, 2004 through September 30, 2005), unless otherwise noted. If noted, the sample results were based on the time the site achieved DTS initial operating capability through the end of FY 2005.

Defense Agencies				
Defense Supply Center New Cumberland	70	43	0	27
Total	333	267	21	45

Appendix E. DoD- and Service-level Defense Travel System Implementation Requirements

Date of Issuance	Issued By	Policy Title	Content of Policy
July 17, 2001	Under Secretaries of Defense (Comptroller)/Chief Financial Officer (USD [C] CFO) and Acquisition, Technology, and Logistics	“Defense Travel System”	Requires DTS to be used as the single standard system for meeting TDY requirements. In addition, the memorandum states that any savings realized by the Components will be able to be maintained by that Component to apply to other priorities.
October 18, 2004	Deputy Secretary of Defense	MID 921 “Commercial Travel Management”	Requires DoD Components not to use paper-based or automated legacy TDY systems to process travel once DTS is fielded to a user site. In addition, the policy requires DTS implementation to be completed by the end of FY 2006.
September 24, 2004	Principal Deputy Secretary of the Army (Financial Management and Comptroller)	“Defense Travel System Proliferation”	Requires each Army installation to fully proliferate DTS to all travelers within 90 to 180 days after DTS achieves initial operating capability at the site. The memorandum also states that the Army planned to monitor compliance with this memorandum by including DTS use as a metric in the Army FY 2005 Joint Reconciliation Program.

Undated	Acting Deputy Assistant Secretary of the Army (Financial Management and Comptroller)	“Deployment of the Defense Travel System”	States the Army has instructed DFAS Travel Pay Services to reject any travel claims submitted that should have been processed in DTS, but were not, including TDY trips identified as routine business trips and local travel.
April 13, 2005	Assistant Secretary of the Army (Financial Management and Comptroller)	“Defense Travel System Usage/Implementation”	States installations where DTS was deployed prior to FY 2005 must use DTS when filing travel claims if the type of travel is supported by DTS.
May 2004	Deputy Chief of Naval Operations (Fleet Readiness and Logistics)	NAVADMIN 121/ 04, “DBSIGN - Defense Travel System Deployment”	States DTS is the standard TDY system used by the Department and requires all Navy activities to implement DTS prior to the end of FY 2006.
November 2, 2004	Assistant Secretary of the Air Force (Financial Management and Comptroller)	“Defense Travel System Implementation”	States the (USD [C] CFO) has identified DTS as the solution for DoD travel and has mandated use of DTS DoD-wide by the end of FY 2006. The memorandum also states that the Air Force is on schedule with DTS use and that business travel, local travel, and group travel authorizations and vouchers should be processed through DTS. Further, the memorandum states that claims for those types of travel should no longer be sent to the local finance office for processing.
January 12, 2005	Director, Financial Management and Comptroller, Headquarters, Air Force Materiel Command	Policy Letter FMF-T05-02, “Defense Travel System Implementation”	States the Under Secretary of Defense (Comptroller)/Chief Financial Officer mandate for full deployment of DTS throughout the Department. The memorandum requires all Air Force Materiel Command installations and units to process business, local, and group travel authorizations and vouchers through DTS.

February 15, 2005	Deputy Commandants for Programs and Resources; Manpower and Reserve Affairs; and Installations and Logistics	MARADMIN 068/05, "Policy on Implementation of DTS"	Requires Marine Corps installations, upon achieving DTS initial operating capability, to fully field DTS within 90 days and cease using legacy travel systems to support travel that DTS is capable of supporting. In addition, the memorandum states that Headquarters, Marine Corps will establish a process for monitoring compliance and tracking DTS use compared to non-DTS use at sites where the System had been previously deployed.
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Appendix F. Non-Quantifiable Benefits Resulting from the Implementation of the Defense Travel System

The non-quantifiable benefits listed below provided the primary basis for moving forward with the DTS Program during the Milestone C Decision review that occurred on October 20, 2003.

- transforming existing travel management from a paper-based process to an automated, fully integrated end-to-end travel and financial management system that supports TDY
- providing centralized and consistent management of DoD commercial travel office services and procurement
- standardizing reengineered travel business rules throughout the Department by enabling electronic routing and processing of all financial transactions
- supporting expedient and accurate post-travel audits by using an electronically accessible management information system archive
- permitting full and secure DoD electronic commerce by using Public Key Infrastructure and the Defense Electronic Business Exchange to transmit financial commitments and obligations to appropriate systems within the Department
- increasing personnel productivity by reducing the time spent on travel administration by a minimum of 40 percent
- reducing travel processing costs
- contributing to clean audit opinions by providing reliable, certified travel entitlement computations
- reducing delinquent travel card payments by enabling split disbursements, scheduling partial payments, automating the centrally billed account reconciliation process
- improving statutory and regulatory compliance by using automated compliance checks throughout the travel process
- accelerating voucher payments by automating the process, eliminating redundant data entry to financial systems, and paying disbursements through electronic funds transfer

-
- enhancing travel data mining by enabling electronic access to travel information that will support the acquisition community when negotiating airline, hotel, and rental car rates
 - supporting the Business Enterprise Architecture by providing an enterprise-level travel system that integrates security, transportation, and financial functions

Appendix G. Glossary of Terms

Acquisition Category IAM Program: An automated information system, with program costs in excess of \$32 million per year in FY 2000 constant dollars; total program costs in excess of \$126 million in FY 2000 constant dollars, or total lifecycle costs in excess of \$378 million in FY 2000 constant dollars, and which is subject to Assistant Secretary of Defense for Networks and Information Integration oversight.

Automated Travel Order System: An information system used by the Navy and Marine Corps for managing personnel travel obligations and costs.

Blanket Orders (Unlimited, Open, or Repeat Travel Authorization): An authorization issued to a traveler who regularly and frequently makes trips away from a permanent duty station to perform regularly assigned duties for a specific time period during the fiscal year.

Centrally Billed Account: A charge card vendor account established by a Command to pay for official DoD travel.

Commercial Travel Office Fees: Costs associated with compensating commercial travel offices for services provided in executing the travel function for DoD personnel.

Deployment: An authorization that directs the movement of a single person or unit to support combat, peacekeeping, and disaster relief missions. Deployments also include orders that require a member's participation in training exercises or contingency operations away from the member's permanent duty station.

Group Travel: A movement of two or more officials traveling from the same origin to the same destination as a group under the same travel authorization when transportation is provided by the Government.

Invitational Travel: Authorized travel of individuals either not employed by the Government, or employed intermittently in the Government as consultants or experts. Invitational travel also includes travel for individuals serving without pay or when they are acting in a capacity that is directly related to, or in connection with, official Government activities. Travel and transportation allowances authorized for these persons are the same as those ordinarily authorized for civilian employees in connection with TDY.

Local Travel: Travel conducted or expenses incurred while conducting official business within an area local to the employee's permanent duty station.

Medical: Travel to a medical facility or reimbursable expenses incurred by uniformed members to obtain required physical examinations or medical treatment.

Navy Reserve Order Writing System: An automated information system used by Naval Reservists to create orders (authorizations) for TDY, annual training, active duty training, and inactive duty training.

Permanent Duty Travel: Travel by a member and dependents or expenses incurred because of a change in assignment, detail, or transfer of an employee to a different permanent duty station under an approved authorization that does not specify the duty as temporary, provide for further assignment to a new permanent duty station, or direct return to the old permanent duty station.

Prisoner Escort: Movement of a prisoner, including the official escorting a prisoner, who is ordered from one site to another for disciplinary action.

Return on Investment: Present value of quantifiable cost savings divided by the present value of the DTS investment.

Reserve or Guard Travel: Authorized travel conducted by a member of Reserves or National Guard, including routine TDY, special mission travel, being called to active duty, and training while on inactive duty.

Routine (Business) TDY: Official travel by a member from an assigned duty station to perform duties for a limited period of time at one or more places away from the member's permanent duty station. General types of routine TDY include conducting a site visit; attending a conference, meeting, or training; presenting a speech; and performing other assigned duties away from the member's duty station.

Special Interest Initiative: A program that did not meet established requirements of an Acquisition Category IAM program, but was nonetheless of special interest to Congress, the DoD Chief Information Officer, or the Department because of the program's technological complexity, its status as a joint program, or its criticality to achieving a specific capability.

System Change Request: A request for a change in the system or software that may enhance functionality, be a design change, or improve operation processes, or any change that is not judged to correct a defect but will require some analysis and development work before it can be implemented.

System Operation Costs: Costs to operate and maintain DTS.

Voucher Computation Costs: Costs associated with budget and finance personnel computing a TDY voucher claim.

Voucher Pay Costs: Costs associated with budget and finance personnel settling (disbursing a payment) a TDY voucher claim.

Voucher Process and Compute Costs: Service and Defense agency costs, based on the number of vouchers processed during a given fiscal year, associated with the TDY voucher process function. This cost includes Service and Defense agency personnel costs for time spent performing this function and the DFAS cumulative fees for computing and disbursing, or only disbursing a voucher.

Appendix H. History of the Defense Travel System

In January 1995, the DoD Task Force to Reengineer Travel issued the “Report of the Department of Defense Task Force to Reengineer Travel,” which addressed three principal causes for the inefficient DoD travel system: travel policies and programs were focused on compliance with rigid rules rather than mission performance, travel practices did not keep pace with travel management improvements implemented by industry, and the travel system was not integrated.

On December 13, 1995, the Under Secretary of Defense for Acquisition Technology, and Logistics and the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued a memorandum, “Reengineering Travel Initiative,” establishing the PMO. The memorandum directed the DTS PMO to report through the Under Secretary of Defense (Comptroller)/Chief Financial Officer to the Under Secretary of Defense for Acquisition, Technology, and Logistics.

DTS Program Management. The DTS PMO managed the Program as a special interest initiative from the Program’s inception in December 1995 until May 28, 2002. During this time, the Defense Finance and Accounting Service was the functional proponent for the System, with oversight provided jointly by the Under Secretaries of Defense (Comptroller)/Chief Financial Officer and Acquisition, Technology, and Logistics. On May 28, 2002, the Assistant Secretary of Defense for Networks and Information Integration issued a memorandum, “Designation of Defense Travel System as a Major Automated Information Systems Acquisition Category IAM Program” officially designating DTS as an Acquisition Category IAM program. On October 20, 2003, the Assistant Secretary of Defense for Networks and Information Integration approved the Program to proceed into the Production and Deployment phase of the acquisition lifecycle during the Milestone C Decision review. According to the Program Director, DTS PMO, shortly after this review, key proponents and DoD management officials responsible for oversight of the DTS Program retired or left the Department, thus leaving a void in Program management.

Recent Defense Travel Management Initiatives. In 2004, the Deputy Secretary of Defense issued MID 921 directing the Under Secretary of Defense for Personnel and Readiness to become the functional proponent for travel management, and to consolidate, streamline, and centrally manage commercial travel policy. The Under Secretary established the DTMO on February 5, 2006, with primary responsibility for managing the Department’s commercial travel program. Subsequent to the issuance of MID 921, the Acting Deputy Secretary of Defense issued a memorandum on October 7, 2005, “Establishment of the Defense Business Transformation Agency (BTA),” to advance Defense-wide business transformation in the areas of business process reengineering, core business mission activities and investment review board matters. DTS was included in the list of systems transferred to the Business Transformation Agency.

Appendix I. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
Director, Acquisition Resources and Analysis
Under Secretary of Defense (Comptroller)/Chief Financial Officer
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense for Networks and Information Integration
Director, Program Analysis and Evaluation

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Naval Inspector General
Auditor General, Department of the Navy
Deputy Naval Inspector General for Marine Corps Matters, Inspector General of the
Marine Corps

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Finance and Accounting Service
Inspector General, Defense Information Systems Agency
Director, Defense Logistics Agency
Director, Defense Travel Management Office
Director, Business Transformation Agency

Non-Defense Federal Organization

Office of Management and Budget
Government Accountability Office

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Homeland Security and Governmental Affairs

Senate Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Committee on Government Reform

House Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform

House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform

House Subcommittee on Technology, Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

Program Analysis and Evaluation Comments



PROGRAM ANALYSIS
AND EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
1800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1800



NOV 3 2006

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Draft Report on the Management and Use of the Defense Travel System

Thank you for the opportunity to review the draft report on the Defense Travel System (DTS). I do not concur with the report for the reasons described below.

Page 4 of the report states: "The Director, Program Analysis and Evaluation, Office of the Secretary of Defense, issued the Unofficial Guide for Economic Analysis of Defense Information Technology Investments. . . ." This statement is false. The Unofficial Guide has not formally been released and does not constitute official guidance for the Department.

Instead, formal guidelines for the Department's economic analyses are provided by DoD Instruction (DoDI) 7041.3, "Economic Analysis for Decision Making," DoD Directive (DoDD) 5000.4, "Cost Analysis Improvement Group (CAIG)," and DoDD 5000.4-M, "Cost Analysis Requirements and Procedures." The report acknowledges that DoDI 7041.3 requires substantiation for data used in cost estimates.

I also disagree with the report's conclusions and recommendation regarding the Unofficial Guide. The report implies that the DTS PMO's use of the guide is the root cause of unsubstantiated DTS FY 2003-2005 actual costs and that revisions to the document would result in auditable cost estimates. DoDI 7041.3 already requires auditable cost estimates based on validated data, so it is unclear how issuing additional guidance would resolve the problem with the FY 2003-2005 cost figures.

Brad Berkson
Director



Defense Finance and Accounting Service Comments



DFAS-ADL/IN

DEFENSE FINANCE AND ACCOUNTING SERVICE
8899 EAST 56TH STREET
INDIANAPOLIS, INDIANA 46249

NOV 01 2006

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: "Management and Use of the Defense Travel System",
(Project # D2005-D000FB-0311.000)

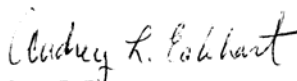
Indianapolis Operations is providing management comments as follows:

Recommendation A3: We recommend that the Director, Defense Finance and Accounting Service implement a process to ensure voucher payments recorded in the disbursing systems can be reconciled to voucher payment data in the e-Biz accounting system to facilitate the Department's ability to accurately report travel voucher payments data.

Management Comments: Stakeholder: Phil Tincher, 317-510-7124. Partially Concur. Travel Operations will assist e-Biz/Budget areas to address discrepancies between travel claims disbursed and data recorded in e-Biz. Travel Pay has a secondary role in this effort. E-Biz/Budget areas are the primary stakeholders to address this issue.

Estimated Completion Date: June 30, 2007

My point of contact for this recommendation is Phil Tincher, 317-510-7124.


for Steve R. Bonta
Director, Indianapolis Operations

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