STRENGTHENING TRAVEL REIMBURSEMENT PROCEDURES FOR ARMY NATIONAL GUARD SOLDIERS

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE, AND ACCOUNTABILITY

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

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STRENGTHENING TRAVEL REIMBURSEMENT PROCEDURES FOR ARMY NATIONAL GUARD SOLDIERS

WEDNESDAY, MARCH 16, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
FINANCE, AND ACCOUNTABILITY,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:07 p.m., in room 2247, Rayburn House Office Building, Hon. Todd R. Platts (chairman of the subcommittee) presiding.

Present: Representatives Platts and Towns.

Staff present: Mike Hettinger, staff director; Dan Daly, counsel; Tabetha Mueller, professional staff member; Jessica Friedman, legislative assistant; Nathaniel Berry, clerk; Adam Bordes, minority professional staff member; and Teresa Coufal, minority assistant clerk.

Mr. PLATTS. Good afternoon. This hearing of the Government Reform Subcommittee on Government Management, Finance, and Accountability will come to order.

As is typical with a session day, we are all going in a million and one directions. Congressman Towns is on his way and will be joining us shortly. We believe we may have floor votes in about 20 to 25 minutes. My hope is that we will get through opening statements of myself and Mr. Towns and our panelists, and I can race over for the last second of the first vote. We have about a 20-minute recess and come back and to questions and answers. We will see if that works out as we get started. We will do our best to not hold our witnesses any longer in limbo than we have to.

In response to the terrorist attacks of September 11, 2001, the Army National Guard began to mobilize soldiers in support of the global war on terror. As part of Operations Noble Eagle and Enduring Freedom, these soldiers fought the Taliban and al Qaeda throughout Asia and Africa. They continue to guard prisoners at Guantanamo Bay, Cuba and perform support missions here in the United States.

Similarly, National Guard soldiers served on the front lines in Iraq and are now assisting in peacekeeping and reconstruction operations in Iraq under Operation Iraqi Freedom. This is the largest mobilization of Guard troops since World War II. Over the past 2 years, the House Government Reform Committee, the Government Accountability Office and the Department of Defense have worked

together to ensure that this large-scale deployment goes as smoothly as possible.

In a series of hearings supplemented by ongoing quarterly briefings, civilian and military personnel have worked closely with committee staff and GAO auditors to bring improvements to the systems and processes that serve our troops. Among the issues that have been addressed are errors in soldiers' pay, ineffective tracking of supplies, and problems with treatment of injured Guard and Reserve soldiers.

This hearing will look at the process for reimbursing Guard soldiers for their travel and per diem expenses. It is an important part of the ongoing productive collaboration that has resulted in a number of improvements. Specifically, the subcommittee will discuss the findings of GAO's recent case studies on travel reimbursement procedures for National Guard troops. This report, which is being released today, found that a number of deployed National Guard soldiers experienced problems receiving appropriate travel and per diem reimbursement.

In light of our heavy reliance on Guard and Reserve troops in fighting the global war on terror, it is imperative that travel reimbursement and other management issues be resolved and that our uniformed personnel be informed of the extensive work that is being done and continues to be done to address the problems they have incurred.

I would like to thank our witnesses not only for being here today, but for working with this committee and the minority and majority staff over the past 2 years. First, we will hear from Mr. Pat Shine, the Director of Military and Civilian Pay at the Defense Finance and Accounting Service. Mr. Shine, I appreciate your briefing my staff in the recent year on the challenges before DFAS and your efforts to meet those challenges, and also your specific help as we have brought some constituent cases to your attention regarding Guard who have been mobilized and your staff's quick response in helping to address those problems.

Mr. SHINE. We were glad to help, sir.

Mr. PLATTS. We are also going to hear from Mr. John Argodale, Deputy Assistant Secretary for Financial Operations, and Mr. Roy Wallace, Director of Plans and Resources for the Department of the Army. Mr. Greg Kutz, Director of Financial Management and Insurance at the Government Accountability Office will conclude the panel. Greg, you played a key role in the past year with this committee. We thank you as well, in addition to our other panelists.

We appreciate all of your testimonies, your written testimonies you have already submitted, as well as your oral testimonies that you will be giving here today. I was thinking Mr. Towns would be here by the time I concluded my statement. He is not. We will break if need be when he arrives for his statement, or he may choose to submit that for the record.

Perfect timing, Ed. Do you want to make a statement?

[The prepared statement of Hon. Todd Russell Platts follows:]

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY

OPENING STATEMENT OF

CHAIRMAN TODD RUSSELL PLATTS

MARCH 16, 2005

In response to the terrorist attacks of September 11, 2001, the Army National Guard began to mobilize soldiers in support of the Global War on Terror. As part of Operations Noble Eagle and Enduring Freedom, these soldiers fought the Taliban and al Qaeda throughout Asia and Africa. They continue to guard prisoners at Guantanamo Bay, Cuba, and perform support missions here in the U.S. Similarly, National Guard soldiers served on the front lines in Iraq and are now assisting in peace-keeping and reconstruction operations in Iraq under Operation Iraqi Freedom.

This is the largest mobilization of Guard troops since World War II. Over the past two years, the House Government Reform Committee, the Government Accountability Office, and the Department of Defense have worked together to ensure that this large-scale deployment goes as smoothly as possible. In a series of hearings supplemented by ongoing quarterly briefings, civil servants and military personnel have worked closely with Committee staff and GAO auditors to bring improvements to the systems and processes that serve our troops. Among the issues that have been addressed are errors in soldiers' pay, ineffective tracking of supplies, and problems with treatment of injured Guard and Reserve soldiers. This hearing will look at the process for reimbursing Guard soldiers for their travel and *per diem* expenses. It is an important part of the ongoing productive collaboration that has resulted in a number of improvements.

Specifically, the Subcommittee will discuss the findings of GAO's recent case studies on travel reimbursement procedures for National Guard troops. This report, which will be released today, found that a number of deployed National Guard soldiers experienced problems receiving appropriate travel and *per diem* reimbursement.

In light of our heavy reliance on Guard and Reserve troops to win the Global War on Terror, it is imperative that travel reimbursement and other management issues be resolved and that our uniformed personnel be informed of the extensive work that has been done and continues to be done to address any problems.

I would like to thank our witnesses not only for being here today but for working with the Committee over the past two years. First will hear from Mr. Pat Shine, the Director of Military and Civilian Pay at the Defense Finance and Accounting Service. Mr. Shine, I appreciate your hosting my staff in Indianapolis last summer and your help in resolving a pay issue with one of the Guard units from my district. Mr. Roy Wallace, the Director of Plans and Resources for the Department of the Army, and Mr. John Argodale, Deputy Assistant Secretary for Financial operations will follow Mr. Shine. Mr. Greg Kutz of the Government Accountability Office will conclude the panel. Again, thank you for agreeing to be here today. I look forward to your testimonies.

Mr. TOWNS. Yes.

Mr. PLATTS. We are joined by Mr. Towns, the ranking member from New York, and the Chair would recognize Mr. Towns for the purpose of making an opening statement.

Mr. TOWNS. Thank you very much, Mr. Chairman, for holding this hearing.

It is timely for our committee to examine this issue, as the number of soldiers experiencing financial burden due to lack of travel reimbursement policies continues to rise. Let me also thank our witnesses for their testimony in advance, especially those of you who have ably served our Nation with pride and distinction.

The issue of inadequate management at the Department of Defense is not foreign to our committee. As we have continually worked to improve the internal control structure and accounting problems demonstrated by the agency over the years. Like our previous work in examining the problems of associated with the pay and benefit policies of our soldiers and reservists, we are now beginning to identify the extensive deficiencies in the travel reimbursement process for our Army Guardsmen.

This committee, at a critical time, as many of these men and women are being called in increasing numbers to serve our Nation's interest abroad. Since 2001, the Army Guard has been asked to do more for us than at any other time in recent memory. According to the GAO, there were more than 186,000 Army Guard soldiers mobilized from September 2001 through September 2004, accounting for approximately 40 percent of the 111,800 reservists mobilized during this time period.

In my home State of New York alone, over 2,900 Army Guardsmen are presently mobilized and serving in various capacities. The problems detailed in the report before us today are similar to previously defined deficiencies at DOD stemming from continued weaknesses in managerial controls, inefficient processes, and human capital constraints. Of the 10 Guard units examined by GAO, a majority of the soldiers in each unit experienced problems relating to reimbursements for meal expenses.

Specific cases experienced delays for authorized reimbursement in excess of a year. Other soldiers cited inaccuracies or delays in the voucher authorization process, requiring many soldiers to shoulder the financial burden of deployment until such issues were resolved. Adding to their plight, many soldiers were denied interest and late fees on delinquent reimbursement as required under current law.

I believe, Mr. Chairman, these practices will prove to be a long-term detriment to retention and recruiting efforts for the Army Guard if they are not swiftly remedied. As I said before our committee last July, this issue before us is not relevant to our military mission or overseas objectives. It is, however, relevant to whether the U.S. Government is keeping its word to the men and women who honorably serve our Nation.

Once again, I believe it is disingenuous for us to tell the American people that our armed services are well prepared when we cannot even guarantee that our soldiers will receive their pay and benefits in a timely manner. It is difficult enough for the families of guardsmen serving away without having to endure the undue

economic hardship experienced by many individuals. Hopefully, our efforts today will be productive in finding solutions to such problems.

Again, Mr. Chairman, I thank you for holding this hearing. I also would like to thank the witnesses for coming. Thank you so much.

I yield back.

Mr. PLATTS. Thank you, Mr. Towns. Your statement, one of the more important parts of it is the fact that while our soldiers who were mobilized and engaged in helping to win the war on terror, the fact that they were performing their missions with great success and dedication, unimpacted by the challenges they are facing on their reimbursements and things, that was put aside while they did their jobs, is a testament to our soldiers. I appreciate your reaffirming that, how grateful we are to the work of these soldiers that have been mobilized.

We will move to our panelists. It is the practice of the subcommittee if we could ask all of our witnesses to stand and be sworn in. Anyone who would be advising you or giving counsel as part of your testimony, if they would like to join in taking the oath as well. If you would raise your right hands?

[Witnesses sworn.]

Mr. PLATTS. The clerk will affirm that the witnesses all answered in the affirmative. We again appreciate your testimony. It sounds like the vote board is just now starting, which means we have about 20 minutes before the first vote. I need to sprint over there. Ed is a little younger than me so he does not need as much time as I do. [Laughter.]

I think what we will try to do is do our opening statements and maybe I will get through all four of our opening statements, or three of them. It would be a good break point if we can get through all four, and then we will come back and do questions and answers at the conclusion of the vote.

So Mr. Shine, if you would like to begin, we will get right to your statement.

Mr. SHINE. Yes, sir.

STATEMENTS OF PATRICK T. SHINE, DIRECTOR OF MILITARY AND CIVILIAN PAY SERVICES, DEFENSE FINANCE AND ACCOUNTING SERVICE; JOHN ARGODALE, DEPUTY ASSISTANT SECRETARY FOR FINANCIAL OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY FOR FINANCIAL MANAGEMENT AND COMPTROLLER; ROY WALLACE, DIRECTOR OF PLANS AND RESOURCES, DEPARTMENT OF THE ARMY; AND GREGORY D. KUTZ, DIRECTOR OF FINANCIAL MANAGEMENT AND ASSURANCE, GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF PATRICK T. SHINE

Mr. SHINE. Chairman Platts, distinguished members of the subcommittee, my name is Pat Shine. I am the Director of the Military and Civilian Pay Service's business lines for the Defense Finance and Accounting Service [DFAS].

I thank you for this opportunity to discuss our role in the travel reimbursement payment process to mobilized soldiers. DFAS shares the responsibility to provide timely and accurate travel re-

imbursement payments and customer service with the active and reserve components of the military departments. DFAS has the primary responsibility of processing travel reimbursements to the mobilized Army National Guard, U.S. Army Reserve and active duty Army forces.

We accomplish this mission by using a combination of military personnel, Department of Defense civilians and contract employees. For the fiscal year that ended September 30, 2004, we employed 33 military, 286 civilians, and 283 contract employees. We processed over 2.2 million travel reimbursement claims; 380,000 of these claims were specifically related to the mobilized Guard and Reserve forces which is the focus of my testimony today.

Normally, Guard and Reserve soldiers are sent directly to an overseas combat theater of operation, or used at various stateside locations as backfill behind active component soldiers who are sent to the combat theater. Soldiers deployed to the combat area where government lodging and meals are provided are entitled to a flat rate of $3.50 per day. Soldiers assigned to stateside locations on a temporary status are entitled to full per diem to cover allowable travel expenses, including lodging and meals if adequate government quarters and meals are not available.

Individuals in the combat area file a voucher for reimbursement of their travel expenses upon completion of their active duty tour. Mobilized soldiers who remain stateside not near their home are eligible to file accruals every 30 days in order to pay bills that they have incurred. During the summer of 2003, we witnessed a dramatic increase in the number of mobilized Guard and Reserve soldiers and consequently an increase in the number of travel claims.

This spike in travel claims temporarily overwhelmed our DFAS staff. To address this issue, we partnered with the U.S. Army and secured additional funding to hire contractor personnel. In addition, we obtained the help of the U.S. Army Reserve and Army National Guard finance units to assist us in processing claims and reducing the backlog.

Within 30 days, the turnaround time decreased to the DFAS standard of 8 business days. It has remained in that range since. While our processing time has been at an acceptable range for the past 18 months, there are two other issues that the Government Accountability Office draft report, Army National Guard Inefficient Air-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers, has highlighted.

The first area the GAO review noted that required immediate attention was the payment of interest for interim vouchers. We were not paying interest on accrual claims when the processing time exceeded 30 days as required by the Travel and Transportation Reform Act. In the course of GAO's review, they brought this to our attention and we immediately changed our procedures to comply with the act.

The other significant area relates to the number of claims returned to service members because they were not properly completed and documented in order for us to make payment. These incomplete claims are returned for various reasons, including missing travel orders, missing receipts, missing signatures or incomplete or illegible itineraries. We have partnered with the leadership of the

Guard and Reserve in providing trend analysis data on these types of problems occurring so the commands can focus their corrective action.

We also have provided additional education on the travel reimbursement process to travelers. Specific examples of actions we have taken include, we have developed and distributed handouts at mobilization and demobilizationsites that explain how to prepare the travel reimbursement claim and what supporting documentation is needed. This information is also available on both the DFAS and Army Knowledge Online Web sites. We partnered with the Army National Guard in developing a detailed information packet entitled the Citizen Soldier's Guide to Mobilization Finance that explains the various authorized entitlements while in a temporary change of station status.

We have also visited select mobilization and demobilizationsites to provide hands-on instructions on how to complete the travel reimbursement claims. As a result of these actions, we have been partially successful in correcting problems associated with return claims. The return or rejected rate is now around 12 percent, down from the previous rate that was 25 percent or higher. We continue to work with the leadership of the Army, the Guard and the Reserve and specific units to drive this rate down even further.

The Department's ultimate solution for travel pay reimbursement is the Defense Travel System [DTS]. DTS is a Web-based end-to-end process that will ease the administrative burden on the traveler and simplify many of the complex entitlement rules in the manual paper-intensive process currently used today. DTS will be available to support mobilized Guard and Reserve soldiers in the Army by the end of fiscal year 2006.

Mr. Chairman, DFAS remains fully committed to our continuing partnership with all service components in improving the accuracy and timeliness of travel reimbursement services. We will remain steadfast in taking aggressive action and we will look forward to reporting our results to the GAO and to the committee.

Mr. Chairman, this concludes my formal remarks and I will be happy to answer any questions the committee may have. Thank you.

[The prepared statement of Mr. Shine follows:]

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STATEMENT OF

MR. PATRICK T. SHINE

DIRECTOR
MILITARY AND CIVILIAN PAY SERVICES

DEFENSE FINANCE AND ACCCOUNTING SERVICE

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,

FINANCE AND ACCOUNTABILITY

HOUSE GOVERNMENT REFORM COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

"THE PROCESS OF TRAVEL REIMBURSEMENT FOR
DEPLOYED NATIONAL GUARD TROOPS"

MARCH 16, 2005

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House, Government Reform
Committee

Chairman Platts, Distinguished Members of the Subcommittee, my name is Pat Shine, and I am the Director of the Military and Civilian Pay Services Business Line for the Defense Finance and Accounting Services (DFAS). Thank you for this opportunity to discuss our role in the travel reimbursement payment process to mobilized soldiers.

DFAS shares the responsibility to provide timely and accurate travel reimbursement payments and customer service with the active and Reserve Components of the military departments. DFAS has the primary responsibility of processing travel reimbursements to the Mobilized Army National Guard, United States Army Reserve, and Active duty Army forces.

We accomplish this important mission by using a combination of military personnel, Department of Defense civilians, and contract employees. For the fiscal year that ended September 30, 2004, we employed 33 military, 286 civilians, and 283 contract employees, and processed over 2.2 million travel reimbursement claims. 380,000 of these claims were specifically related to the Mobilized Guard and Reserve forces, which is the focus of my testimony today.

Normally, Mobilized Guard and Reserve soldiers are sent directly to an overseas combat theater of operation, or used at various stateside locations as backfill behind active component soldiers who are sent to the combat theater. Soldiers deployed to the combat area where government lodging and meals are provided are entitled to a flat rate of three dollars and fifty cents per day. Soldiers assigned to stateside locations in a temporary status are entitled to full per diem to cover allowable travel expenses including lodging and meals, if adequate government quarters and meals are not available. Individuals in the combat area file a voucher for reimbursement of their travel expenses upon completion of their active duty tour. Mobilized soldiers who remain stateside not near their home are eligible to file accruals every 30 days in order to pay the bills they've incurred.

During the summer of 2003, we witnessed a dramatic increase in the number of Mobilized Guard and Reserve soldiers and consequently an increase in the number of travel claims. This spike in travel claims temporarily overwhelmed our DFAS staff. To address this issue, we partnered with the U.S. Army and secured additional funding to hire contractor personnel. In addition, we obtained the help of US Army Reserve and Army National Guard finance units to assist us in processing claims and reducing the backlog. Within 30 days, the turn-around time decreased to the DFAS standard of 8 business days; it has remained in that range since. While our processing time has been at an acceptable range for the past 18 months, there are two other issues that the Government Accountability Office (GAO) draft report (GAO-05-79) "Army National Guard: Inefficient, Error Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers" highlighted.

The first area the GAO review noted that required immediate attention was the payment of interest for interim vouchers. We were not paying members interest on accrual claims when the processing time exceeded 30 days, as required by the Travel and Transportation Reform Act. In the course of GAO's review they brought this to our attention, and we immediately changed our procedures to comply with the Act.

The other significant area relates to the number of claims returned to the service members because they were not properly completed and documented in order for us to make payment. These incomplete claims are returned for various reasons including missing travel orders, missing receipts, missing signatures, or incomplete or illegible itineraries. We have partnered with the leadership of the Guard and Reserve in providing trend analysis data on the types of problems occurring so command's can focus their corrective action. We also have provided additional education on the travel reimbursement process to travelers. Specific examples of actions we have taken include:

- Developed and distributed handouts at mobilization and demobilization sites that explain how to prepare the travel reimbursement

claim and what supporting documentation is needed. This information is also available on both the DFAS and Army Knowledge On-Line Web sites.

- Partnered with the Army National Guard in developing a detailed information packet, entitled "The Citizen Soldier's Guide to Mobilization – Finance", that explains the various authorized entitlements while in a temporary change of station status.
- Visited select mobilization and demobilization sites to provide hands-on instructions on how to complete the travel reimbursement claim.

As a result of these actions, we have been partially successful in correcting problems associated with returned claims. The returned/rejected rate is now around 12 to 15 percent, down from the previous rate that was 25 percent or higher. We continue to work with the leadership of the Army, Guard, Reserve and specific units to drive this rate down even further.

The Department's ultimate solution for travel pay reimbursement is the Defense Travel System (DTS). DTS is a Web-based end-to-end process that will ease the administrative burden on the traveler, and simplify many of the complex entitlement rules in the manual paper intensive process currently used today. DTS will be available to support mobilized Guard and Reserve soldiers prior to the end of FY06.

Mr. Chairman, DFAS remains fully committed to our continuing partnership with all Service components in improving the accuracy and timeliness of travel reimbursement services. We will remain steadfast in taking aggressive action, and we will look forward to reporting our results to the GAO and to the Committee. Mr. Chairman, this concludes my formal remarks and I will be happy to answer any questions the Committee may have. Thank you.

Mr. PLATTS. Thank you, Mr. Shine. Again, thanks for you and your staff on the front lines of this issue and meeting those challenges of the spike in mobilization and trying to quickly respond to them. We will look forward to getting into some of your actions in more detail in the question and answer.

Mr. SHINE. Thank you.

Mr. PLATTS. Secretary Argodale.

STATEMENT OF JOHN ARGODALE

Mr. ARGODALE. Chairman Platts, Mr. Towns, distinguished members of the subcommittee, thank you very much for the opportunity to appear before you this afternoon to discuss travel reimbursement of the Army's mobilized National Guard soldiers.

My name is John J. Argodale. I am the Deputy Assistant Secretary for Financial Operations. The motto of the Army Finance Corps is service to soldiers. I, along with my civilian and military counterparts, take great pride in providing service to soldiers, particularly during these times of unprecedented mobilization. Secretary Harvey's expectation is perfection in all matters impacting soldier pay. We are working to make the Secretary's expectations a reality.

Since the onset of the global war on terrorism, the Army has executed large-scale mobilizations and demobilizations on a scale not experienced since World War II. The Army mobilized over 342,000 National Guard and Reserve soldiers, demobilized 186,737 soldiers, and as of March 3, 2005, 155,283 Army National Guard and Reserve soldiers are mobilized for active duty.

The magnitude of the mobilization and consequent travel claims created a significant strain on the Army's ability to ensure mobilized soldiers receive travel reimbursements in the correct amount and on time. We simply needed to improve our performance.

Service to soldiers is the Army Finance Corps' ultimate objective. To provide the travel reimbursement service our mobilized Guard and Reserve soldiers deserve, we applied significant people and money. We mobilized more than 80 soldiers from the Army National Guard and Reserve finance units to assist DFAS in processing travel claims. We paid DFAS $17 million between fiscal years 2002 and 2004 to hire additional people needed to process travel claims.

These efforts enabled DFAS to significantly increase the number of personnel processing contingency operations travel claims. For example, in October 2001, there were only 35 people processing contingency operation travel claims. In July 2003, the number of people processing contingency operation travel claims grew to 141, including 83 mobilized Reserve component soldiers. Currently, there are approximately 320 people processing contingency operation travel claims.

The increased personnel enabled DFAS to stabilize travel claim processing. Over the past 18 months, DFAS reports that travel claims are processed within 8 business days of receiving a claim for reimbursement.

In addition to people and money, we have made several process improvements designed to correct deficiencies in processing travel claims and improve our service to soldiers. To correct confusion on

meals reimbursement, all mobilization orders now state that soldiers will not be charged for meals when billeted on government facilities. In situations where soldiers are billeted off-post, reimbursement is authorized for meals consumed during non-duty hours.

To improve service to soldiers, claims with missing documentation, such as the mobilization order, are no longer rejected back to the soldier for resolution. Instead, the claims are held and the missing orders obtained from a central location. This improved service resulted in the expedited payment of nearly 17,000 claims and a reduction in rejected travel claims returned to soldiers, from over 20 percent to a range of 10 percent to 12 percent of total claims received.

The Army receives weekly metrics from DFAS on all contingency travel operation claims. The metrics disclose the total claims received, total processed, processing time, total claims rejected, and reasons for rejection. We have learned that most claims are rejected because of missing signatures and incomplete itineraries. These metrics are a valuable tool for use in educational materials and information designed to improve the travel reimbursement process.

In summary, we are improving our service to soldiers. Travel reimbursements are processed within 8 business days of receipt of the claim by DFAS. We reduced rejected claims to a range of 10 percent to 12 percent of total claims received. Changes to the process for rejecting travel reimbursements expedited the payment of about 17,000 claims. Metrics are monitored weekly and used to inform soldiers of common mistakes made in submitting travel claims.

Although we have made progress, we must continue to pursue additional process improvements in order to meet Secretary Harvey's goal of perfection in the delivery of soldier pay. To solve larger problems such as integrating personnel and payroll actions and automating travel claims and reimbursements, the Army needs DOD-driven solutions such as the Defense Integrated Military Human Resource System and the Defense Travel System to come online soon.

Service to soldiers is my job and the job of my civilian and military colleagues. I appreciate the subcommittee's interest in this issue and look forward to continued collaboration with the subcommittee staff and the GAO to improve service to soldiers.

Thank you.

[The prepared statement of Mr. Argodale follows:]

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STATEMENT OF

MR. JOHN ARGODALE
DEPUTY ASSISTANT SECRETARY OF THE ARMY
FINANCIAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
FINANCE AND ACCOUNTABILITY

HOUSE GOVERNMENT REFORM COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE PROCESS OF TRAVEL REIMBURSEMENT FOR
MOBILIZED NATIONAL GUARD SOLDIERS

MARCH 16, 2005

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Committee

Chairman Platts, distinguished members of the Subcommittee:

Thank you very much for the opportunity to appear before you this afternoon to discuss travel reimbursement for the Army's mobilized National Guard Soldiers. Before addressing this issue, on behalf of the Army and the troops fighting the Global War on Terrorism, I would like to thank you for your tremendous and unwavering support. By it, you do credit to the Congress and to our fellow Americans. Thank you.

My name is John J. Argodale. I am the Army's deputy assistant secretary for financial operations. I have been in this position since December 2003. I am responsible, along with DFAS, Army personnel managers, and the Army's commanders, to ensure all Soldiers are paid the right amount and on time. To meet this responsibility, I work in collaboration with these entities. Secretary Harvey's expectation of "perfection" regarding Soldier pay is clear. We all work together in pursuit of this singular objective.

The matter before the subcommittee today involves the reimbursement of travel expenses to mobilized National Guard Soldiers. Three critical requirements must be satisfied to ensure the timely and accurate reimbursement of travel expenses. First is an order articulating appropriate reimbursable expenses. Second is a properly prepared and approved claim. Third is the timely and accurate computation of the travel claim. Personnel managers, unit commanders, Soldiers, and DFAS share responsibility for these three critical requirements. A defect in any of the three results in travel reimbursement problems.

Since October 2001, the Army mobilized 342,020 National Guard and Reserve Soldiers. As of March 3, 2004, 155,283 Army National Guard and Reserve Soldiers are mobilized for active duty. During fiscal year 2004, the

Army's mobilized reserve forces generated 380,000 travel claims. The magnitude of the mobilizations and consequent number of travel claims created a significant strain on the department's travel pay processes as disclosed by the GAO.

The Army applied a significant number of resources, both people and money, to tackle this problem. With respect to people, we mobilized more than 80 Soldiers from Army National Guard and Reserve finance units to assist DFAS in processing travel claims. With respect to money, for fiscal years 2002 through 2004 we reimbursed DFAS nearly $17 million specifically to provide travel voucher computation and processing for mobilized Soldiers. As the result of these efforts, over the last 18 months, DFAS processed travel claims submitted by mobilized National Guard and Reserve Soldiers within eight working days of receipt.

The timely processing of travel claims alone will not completely solve the Army's travel reimbursement problems. Under the direction of Secretary Harvey and Secretary Baldwin, my office is working with the Guard and Reserve, DFAS, the Assistant Secretary of the Army for Manpower and Reserve Affairs, Army G1, the GAO, and members of the Subcommittee staff to perfect the travel reimbursement process. Our efforts focus on fixing problems with mobilization orders, reducing the volume of rejected travel claims, educating Soldiers and unit command on how to file travel claims, and monitoring metrics to isolate and fix travel reimbursement problems.

To fix problems with mobilization orders, and ensure Soldiers are properly supported, Army personnel managers must now place a statement on all mobilization orders indicating that mobilized Soldiers will not be charged for meals or lodging. The standard statement also notifies the Soldier that any claim of reimbursement for meals or lodging must be supported by a statement of non-availability. This change improves the

clarity of mobilization orders by conveying the Army's policy on meals and lodging reimbursement for mobilized Soldiers. Soldiers should not incur out-of-pocket expenses for meals eaten in government dining facilities when housed in government lodging. Army policy on statements of non-availability was also clarified. For example, Soldiers billeted in non-government lodging facilities are authorized reimbursement for meals eaten in commercial establishments during non-duty hours.

To solve problems resulting from rejected claims; the Army and DFAS collaborated on the establishment of performance metrics identifying why travel claims are rejected. On a weekly basis DFAS provides the Army with metrics on total claims received, total claims rejected, and detailed explanations for the rejections. These metrics identify typical errors in travel claims causing rejections including improper travel itinerary (date, location), missing signatures, and claims submitted where no entitlement is authorized. The metrics are used to focus training and instructional materials on specific problem areas to ensure Soldiers avoid mistakes in filing travel claims.

The metrics also facilitated a significant process improvement that changed the criteria under which vouchers are rejected. Rather than rejecting and returning all claims that cannot be processed, claims without a mobilization order are no longer returned to the Soldier for resolution. Instead, the National Guard Ombudsman cell, which has access to mobilization orders for all Army National Guard Soldiers, retrieves and provides the missing order to DFAS enabling processing of the claim.

This process change has expedited the payment of about 17,000 claims since implementation in the spring of 2004. Monitoring metrics associated with rejected claims and providing Soldiers additional training on the proper filing of travel claims has reduced returned claims from over 20

percent of total claims received as reported by the GAO to a current range of 10 to 12 percent.

Soldiers and their supervisors now receive detailed instructions on travel entitlements and claims when initially mobilized and when demobilizing. A variety of informative handbooks, flyers, and checklists instructing Soldiers on how to complete and submit travel claims are published and distributed. Training Soldiers on the correct submission of travel claims and entitlements reduces the number of rejects and facilitates the timely and accurate payment of travel claims.

In addition to these efforts, the Army employs several business practices designed to eliminate Soldiers' out-of-pocket expenses while on official travel. For example, we make advanced travel payments to mobilized Soldiers assigned to duty in the continental United States when lodging or meals will not be available. The advances mitigate out-of-pocket expenses Soldiers incur for travel related purchases such as meals, transportation, and lodging. Advances are reconciled every thirty days to ensure Soldiers receive the right amount of money to reduce out-of-pocket travel expenses.

Another business practice designed to mitigate out-of-pocket expenses is the government travel card. As of January 31, 2005, there were 29,076 individually billed government travel cards extant in the Army National Guard. The cardholder is responsible for all charges processed on their individually billed travel card. However, a portion of the settled travel claim is automatically sent directly to the Soldier's travel card account through the department's split disbursement process.

The Army is pursuing automated initiatives with our industry travel card partner—Bank of America—to enhance our Soldiers' needs. Specifically, we are working with Bank of America to provide Soldiers the

ability to receive and pay monthly travel card bills electronically. This feature will provide Soldiers the capability to receive and pay travel card bills electronically over the Internet without relying on paper bills received through the mail. This feature will specifically help those Soldiers on extended travel away from their homes.

An initiative the Army has undertaken in collaboration with DFAS is implementation of the Case Management System (CMS). The CMS is a web-based tool developed by the Air Force. It provides visibility of Soldier payroll problems by creating a separate case for each problem. The CMS will provide a single, integrated source to track the status of open problems, including the nature and organization responsible for solving the problem, from the point a problem is discovered until it is resolved. Although CMS is designed to monitor the resolution of payroll problems, we will work with DFAS to include travel reimbursement problems as well.

The Army has implemented several effective measures designed to resolve travel reimbursement problems for mobilized Soldiers. We mobilized over 80 Reserve Component finance Soldiers, and provided DFAS $17 million to hire additional personnel needed to process travel claims for mobilized Soldiers. Mobilization orders now clearly state that Soldiers will not be charged for government furnished meals or lodging.

We monitor metrics identifying causes of rejected travel claims. Monitoring the metrics enabled us to enhance training materials and implement process changes to improve our travel pay performance. Claims with missing orders are no longer rejected. Instead, the Army and DFAS obtain the missing documentation without sending the claims to the Soldier for resolution. We continue to use advance payments and travel cards to eliminate Soldiers' out-of-pocket expenses.

These efforts have obtained results. Travel claims submitted by Soldiers mobilized for contingency operations are paid within eight days of receipt by DFAS. Rejected claims have been reduced from over 20 percent of total claims to 10 to 12 percent of total claims. By obtaining missing documentation directly and not rejecting claims, we have expedited the payment of about 17,000 travel claims.

Although we have made progress, we must continue to pursue additional process improvements in order to meet Secretary Harvey's goal of "perfection" in the delivery of Soldier pay. Ongoing process improvements and training programs, coupled with new initiatives like electronic billing and payment of travel card invoices, and the integrated tracking of problems—across the entire enterprise—are keys to improving travel reimbursements. To solve larger challenges such as integrating personnel and payroll actions, and automating travel claims and reimbursements, the Army needs DoD driven solutions such as DIMHRS and DTS to come on line soon.

I want to thank the Subcommittee for its interest and concern of this issue. I look forward to continued collaboration with the Subcommittee on efforts designed to improve the Army's performance in the timely and accurate payment of travel reimbursements to mobilized Soldiers. The Army is committed to the goal of perfection in all matters impacting Soldier pay. I look forward to being a part of the process to achieve that goal and thank you for your support and interest in travel reimbursement to mobilized Soldiers.

Mr. PLATTS. Thank you, Mr. Secretary. Given the heroic service of our men and women in uniform, and in this instance specifically folks in our Guard, the goal of perfection that Secretary Harvey has set is an appropriate one and it will take all of our collective efforts to achieve that. We certainly look forward to continuing to work with you.

I think we will, Mr. Wallace at least get you in yet, and we may get Mr. Kutz in. We will see.

STATEMENT OF ROY WALLACE

Mr. WALLACE. Thank you, Mr. Chairman, Mr. Towns, members of the subcommittee. I would like to thank you all for taking such an acute interest in the welfare of our National Guard, Reserve and active component soldiers and for allowing me the opportunity to appear before you today.

I have submitted the written statement for the record and I would like to make just a few brief comments, and then I will open for questions.

My office is responsible for the policy formulation for travel and pay within the Department of the Army. However, this is a joint game and therefore we work diligently with the office of the Secretary of Defense and our sister services to ensure that the policies are universal and applied to all. In fact, the mobilized soldier is paid and travel requirements are exactly the same as the active soldier.

In addition, we authored the personnel policy guidance, which is a voluminous instruction to the field which is distributed to all Army units and organizations. It is a living document that we have continued to adjust as things such as the GAO report that we are working today have come to light. The G–1 is fully committed to working with the Office of the Secretary of Defense and DFAS to provide clear and concise guidance to the field.

Thank you very much.

[The prepared statement of Mr. Wallace follows:]

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Committee

STATEMENT OF

MR. ROY A. WALLACE
DIRECTOR
PLANS AND RESOURCES
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-1

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
FINANCE AND ACCOUNTABILITY

HOUSE GOVERNMENT REFORM COMMITTEE

UNTIED STATES HOUSE OF REPRESENTATIVES

ON

THE PROCESS OF TRAVEL REIMBURSEMENT FOR
MOBILIZED NATIONAL GUARD SOLDIERS

MARCH 16, 2005

For Official Use Only
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House Government Reform
Committee

Chairman Platts, distinguished members of the Subcommittee:

My name is Roy Wallace, and I am the Director of Plans and Resources in the Office of the Deputy Chief of Staff, G-1, and Department of the Army. Thank you for this opportunity to appear before you this afternoon to discuss our role in travel reimbursement for the Army's mobilized National Guard.

My office shares responsibility for policy formulation for travel and transportation allowances for all Active, United States Army Reserve and Army National Guard Soldiers. In partnership with the Assistant Secretary of the Army (Financial Management and Comptroller) and the Defense Finance and Accounting Service we develop policy to ensure Soldiers receive pay and entitlements commensurate with their status and mission. Our policy objectives are focused on providing Soldiers all entitlements authorized in legislation, Department of Defense Financial Management Regulations, Department of Defense Instructions and Army Regulations.

To meet the challenge of having Soldiers move rapidly around the globe, the Army has placed a great deal of emphasis on developing travel and transportation policies that address the unique environment our Soldiers experience in fighting the Global War on Terrorism. Army National Guard and United States Army Reserve Soldiers are an integral part of the United States Army. When mobilized or activated for full time duty, they receive the same pay, allowances, entitlements and privileges as active duty Soldiers of the same rank and time in service.

We recognize that unique circumstances call for innovative solutions that must be tailored to fit the current environment. As situations develop and mature we strive to make policy that is both flexible and efficient to meet the needs of our Soldiers. Good policy can be ineffective if Soldiers and agencies are not aware that the policy exists, so we strive to educate not only those charged with

implementing policy but also the individual Soldier so they know what to expect and what actions to take to ensure they receive timely support. Policy is provided to all Soldiers through the Personnel Policy Guidance issued for contingency operations to include Operations Enduring Freedom, Iraqi Freedom and Noble Eagle. All Soldiers processing through mobilization and demobilization sites receive briefings and instructions concerning their finance entitlements and what is required to ensure they receive accurate and timely pay support.

Mr. Chairman, and members of the subcommittee, the Office of the Deputy Chief of Staff, G-1 is fully committed to working as a team with our partners in ensuring Soldiers receive clear and concise policy guidance resulting in accurate and timely travel payments.

Mr. PLATTS. Thank you, Mr. Wallace.

Greg, we are going to try to get you in here, and then I will be running out, and then we will stand in recess for probably about 20 minutes, get my votes in, and then we will get back over.

Mr. KUTZ. OK.

STATEMENT OF GREGORY D. KUTZ

Mr. KUTZ. Thank you for the opportunity to discuss travel reimbursement problems for mobilized Army Guard soldiers. As you had mentioned, I previously testified on pay problems for Guard and Reserve soldiers, including those injured in the line of duty. Several weeks ago, we had that hearing.

Our bottom line today, as you mentioned, is that soldiers have also experienced significant problems receiving timely and accurate travel reimbursements. My testimony has two parts. I will talk first about travel reimbursement problems and then briefly discuss DOD actions.

First, we identified inaccurate, delayed and denied travel reimbursement for Army Guard soldiers. Our 10 case study units experienced a broad range of travel reimbursement problems. For example, for these 10 units, we identified over $1 million of delayed or disputed amounts for meals, some of which remain unpaid.

Some of the examples of the issues that we found include 36 soldiers from a Pennsylvania unit that filed identical vouchers, but were paid amounts ranging from zero to $1,700 every month. One-hundred and seven soldiers from a Maryland MP unit were housed off-post and denied per diem authorization for meals. As a result, some of the meals were paid for out-of-pocket by soldiers, while others rode bicycles or hiked over 3 miles to the mess hall. And 32 soldiers from a Georgia MP unit incurred debts totaling over $200,000 when the per diem payments that they had already received were retroactively disallowed. Debt collections were started while these soldiers were deployed to Iraq, causing financial hardship for the soldiers and their families.

In the last several weeks, we became aware of the potential for similar problems for injured Guard and Reserve soldiers. For example, we identified problems with active duty medical extension orders and confusion over injured reservists' entitlements to meals. As a result, many out-patient soldiers may have inappropriately paid for their own meals. Army officials have represented that they are looking into this matter.

The root causes of these reimbursement problems relate to people, processes and automated system. For example, as the operational tempo increased after September 11, many installations did not have available on-post housing for Army Guard soldiers. As a result, soldiers were housed off-post in commercial hotels and apartments. This created novel situations that were not specifically addressed in the travel regulations.

The current paper-intensive error-prone process was another major factor. Problems in assembling all of the paper necessary for a complete travel voucher package resulted in a reported 85,000 vouchers being rejected and returned to soldiers in 2004. This churning process added to delays and frustration for soldiers.

Second, as was mentioned by the other witnesses, DOD has taken many actions to improve the situation. I will not repeat what those were in the interest of time here, but as was mentioned, they are also implementing the Defense Travel System to address long-standing problems, even those beyond Guard and Reserve soldiers. However, our view is that given that DTS has been underway for about 8 years and cannot currently be utilized by mobilized soldiers, we believe it is likely that the soldiers will have to live with the current system for the foreseeable future.

In conclusion, the current reimbursement system was not designed to handle the increased operational tempo from the global war on terrorism. With a new system, in our view, likely years away, it is important that Army, DFAS and the National Guard continue their efforts to compensate for the problems with the current system. We look forward to continuing to work with this subcommittee and the other witnesses and their organizations to see that soldiers have the world-class travel reimbursement system that they deserve.

That ends my statement. I will be happy to answer questions.

[The prepared statement of Mr. Kutz follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Government Management, Finance, and Accountability, Committee on Government Reform, House of Representatives

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ARMY NATIONAL GUARD

Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers

Statement of Gregory D. Kutz, Director
Financial Management and Assurance

John J. Ryan, Assistant Director
Office of Special Investigations

GAO-05-400T

March 16, 2005

GAO
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Highlights

Highlights of GAO-05-400T,a testimony before the Subcommittee on Government Management, Finance, and Accountability, Committee on Government Reform, House of Representatives

ARMY NATIONAL GUARD

Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers

Why GAO Did This Study

This testimony outlines (1) the impact of the recent increased operational tempo on the process used to reimburse Army Guard soldiers for travel expenses and the effect that travel reimbursement problems have had on soldiers and their families; (2) the adequacy of the overall design of controls over the processes, human capital, and automated systems relied on for Army Guard travel reimbursements; (3) whether the Department of Defense's (DOD) current efforts to automate its travel reimbursement process will resolve the problems identified; and (4) other DOD actions to improve the accuracy and timeliness of Army Guard travel reimbursements.

What GAO Recommends

GAO's related report (GAO-05-79) makes 23 recommendations to address Army Guard travel reimbursement weaknesses in the areas of process, human capital, and systems. GAO also recommends that DOD ensure that its longer term system improvement efforts include complete and lasting solutions to the identified weaknesses.

DOD concurred with 21 recommendations and described actions to correct noted deficiencies. DOD partially concurred with 2 recommendations regarding automated systems fixes for meal cost authorizations and requirements to pay soldiers interest on late reimbursements.

www.gao.gov/cgi-bin/getrpt?GAO-05-400T.

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

What GAO Found

Mobilized Army Guard soldiers have experienced significant problems getting accurate, timely, and consistent reimbursements for out-of-pocket travel expenses. These weaknesses were more glaring in light of the sustained increase in mobilized Guard soldiers following the terrorist attacks of September 11, 2001. To its credit, the Defense Finance and Accounting Service (DFAS) hired over 200 new personnel to address travel voucher processing backlogs and recently upgraded their training. However, Guard soldiers in our case study units reported a number of problems they and their families endured due to delayed or unpaid travel reimbursements, including debts on their personal credit cards, trouble paying their monthly bills, and inability to make child support payments.

Examples of Problems Encountered by Case Study Units

Army Guard unit	Number of affected soldiers in unit	Problems encountered and status
Maryland 115th Military Police	107 of 107	Soldiers housed off-post were denied per diem authorization. Some paid for meals out of pocket while others hitchhiked and rode bicycles 3.5 miles to post dining facility. Unpaid.
Mississippi 20th Special Forces	75 of 75	Soldiers were erroneously required to pay to eat government-provided meals at mess hall. Partially paid.
Mississippi 114th Military Police	76 of 76	Soldiers were denied authorization for proportional meal rate for meal expenses that we estimated to be about $6,000 each. Unpaid.
Pennsylvania 876th Engineer Battalion	36 of 37	Despite filing identical monthly vouchers, soldiers were paid amounts ranging from $0 to $1,718. DFAS adjustments caused overpayments of $200 to about $1,350, resulting in debts to soldiers.

Source: GAO.

The soldier bears primary responsibility for travel voucher preparation, including obtaining paper copies of various types of authorizations. DFAS data indicate that it rejected and asked soldiers to resubmit about 18 percent of vouchers during fiscal year 2004—a churning process that added to delays and frustration. Also, existing guidance did not clearly address the sometimes complex travel situations of mobilized Army Guard soldiers, who were often housed off-post due to overcrowding on military installations. Further, DOD continued to be noncompliant with a law that requires payment of late payment interest and fees when soldiers' travel reimbursements are not timely. With respect to human capital, GAO found a lack of oversight and accountability and inadequate training. Automated systems problems, such as nonintegration of key systems involved in authorizing and paying travel expenses and failure to automate key processes, also contributed to the inefficient, error-prone process. DOD has been developing and implementing the Defense Travel System (DTS) to resolve travel-related deficiencies. However, DTS will not address some of the key systems flaws. For example, DTS is currently not able to process mobilized soldier travel authorizations and vouchers and identify and calculate late payment interest and fees.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss controls over travel reimbursement payments to mobilized Army National Guard (Army Guard) soldiers. In October 2002, we reported[1] that the Defense Finance and Accounting Service (DFAS) did not have systems in place to identify late travel reimbursements and could not identify the soldiers who were not paid within 30 days of submission of an approved travel voucher and who should have been paid late payment interest and fees required pursuant to the Travel and Transportation Reform Act of 1998 (TTRA).[2] This affected numerous soldiers whose vouchers were paid late. Further, during our audits of Army Guard and Army Reserve military payroll controls,[3] soldiers told us about problems with delayed and inaccurate travel cost reimbursements and meal cost authorizations and entitlements. Because of the severity of these complaints, this Committee, as well as other requesters, asked us to examine the effectiveness of the process used to reimburse Army Guard soldiers for travel expenses and the effect that travel reimbursement problems have had on soldiers and their families. Today, I will highlight the results of our review for which our detailed report is being released at this hearing.[4]

Since the September 11, 2001, terrorist attacks, the operational tempo for the military services has greatly increased, with corresponding increases in the basic administrative tasks necessary to keep soldiers paid, fed, and housed. Over 186,500 Army Guard soldiers[5] were mobilized from September 14, 2001, through September 30, 2004, to serve in Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom. Army Guard soldiers called to active service are entitled to be reimbursed for authorized travel expenses incurred. The Department of Defense (DOD) is to provide a

[1] GAO, *Travel Cards: Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse,* GAO-03-169 (Washington, D.C.: Oct. 11, 2002).

[2] Pub. L. No. 105-264, 112 Stat. 2350 (Oct. 19, 1998).

[3] GAO, *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems,* GAO-04-89 (Washington, D.C.: Nov. 13, 2003), and *Military Pay: Army Reserve Soldiers Mobilized to Active Duty Experienced Significant Pay Problems,* GAO-04-911 (Washington, D.C.: Aug. 20, 2004).

[4] GAO, *Army National Guard: Inefficient, Error-Prone Process Results in Travel Reimbursement Problems for Mobilized Soldiers,* GAO-05-79 (Washington, D.C.: Jan. 31, 2005).

[5] Total numbers include Army Guard soldiers mobilized more than once.

Guard soldier traveling on official business with transportation, lodging, and food, or to reimburse the soldier for reasonable and necessary authorized expenses if the soldier purchases them.[6] In short, the soldier is to be made whole for authorized out-of-pocket expenses, with timely and accurate reimbursements for travel expenses.

Within the United States, Army Guard soldiers have guarded the Pentagon, airports, nuclear power plants, and domestic water supplies as part of the homeland security effort. Overseas, they continue to perform highly dangerous peacekeeping missions and force protection operations in Iraq, Afghanistan, and other countries. When government-provided meals and housing were not available to some Guard soldiers, they lived off the local economy—purchased food at restaurants and groceries, and housing at hotels—and later submitted requests to the Army for reimbursement of their out-of-pocket expenses.

Because our preliminary assessment determined that the current authorization, request, review, and approval processes used to pay travel reimbursements to active service Army Guard soldiers relied extensively on paper-intensive, nonintegrated systems, and error-prone manual transaction entry that did not provide an adequate audit trail or a reliable population of transactions, we could not effectively statistically test current processes and controls. Instead, we systematically assessed the effectiveness of the overall design of controls at work in the key areas of processes, people (human capital), and automated systems through case studies of 10 selected units of Army Guard soldiers mobilized to active service in support of Operations Iraqi Freedom, Noble Eagle, and Enduring Freedom during the period from October 2001 through November 2003. In addition, we audited a nonrepresentative selection of individual travel vouchers that were paid 120 days or more from the date the travel ended and travel vouchers selected from the unit case studies. We used this approach to provide a more detailed perspective on the design of controls and the nature of deficiencies in the three phases of the travel and reimbursement process: (1) authorization; (2) travel voucher preparation, unit review, and transmission; and (3) computation office review and payment. Further details on our scope and methodology and the results of the case studies can be found in our related report.

[6] Joint Federal Travel Regulation (JFTR)/Joint Travel Regulation (JTR), app. O, para. T4020.B.2, change 203/457, November 1, 2003.

Today, I will summarize the results of our work with respect to (1) the impact of the recent increased operational tempo on the effectiveness of the process used to reimburse Army Guard soldiers for travel expenses and the effect that travel reimbursement problems have had on soldiers and their families; (2) the adequacy of the overall design of controls over the processes, human capital, and automated systems relied on to provide timely travel cost reimbursements and accurate meal authorizations and entitlements to mobilized[7] Army Guard soldiers; (3) whether DOD's current efforts to automate its travel reimbursement process will resolve the problems identified; and (4) DOD actions to improve the accuracy and timeliness of mobilized Army Guard travel reimbursements.

Summary

The current inefficient, paper-intensive, error-prone travel reimbursement process has resulted in inaccurate, delayed, and denied travel payments for mobilized Army Guard soldiers. Our case study units experienced a broad range of reimbursement problems that included disputed amounts for meals that we estimated to be as high as about $6,000 for each of 76 soldiers in one case study that remained unpaid by the end of our review. Other problems included vouchers that were submitted 5 or more times before being paid and thousands of dollars in debts levied on soldiers, some in excess of $10,000, when the approval for the meal component of their per diem reimbursement was rescinded after the vouchers had been paid.

Until DOD improves the antiquated process that requires Army Guard soldiers to accumulate, retain, and submit numerous paper documents, reimbursement problems and inefficiencies will likely continue. For example, reports prepared by DFAS' Contingency Travel Operations Office (DFAS CTO) indicated that the percentage of unpaid travel claims returned to soldiers increased from 11 percent in fiscal year 2002 to 18 percent in fiscal year 2004. Of approximately 930,000 travel vouchers received during this period, DFAS CTO rejected and returned about 139,000 to soldiers for additional paper documentation or to correct other processing deficiencies. This repeated churning of vouchers frustrated soldiers and added to the volume of claims to be processed, which, in turn, overwhelmed DFAS CTO's resources and contributed to reimbursement problems.

[7] In this report, the terms "mobilized" or "mobilized to active service" refer to soldiers called to duty under the authority of Title 10 or Title 32, *United States Code*.

The lack of clear, complete, and accurate policies and procedures—the foundation of the process for authorizing travel entitlements and reimbursements—also contributed to inaccurate, delayed, and denied travel reimbursements. Specifically, existing guidance did not clearly address the sometimes complex travel situations of Army Guard soldiers who have been called from their civilian lives to military service since the September 11, 2001, terrorist attacks. For example, as military activity increased for Operation Iraqi Freedom, and Army Guard, Army Reserve, and active Army soldiers were preparing for duty, some of the installations to which Army Guard soldiers were assigned did not have available government housing. As a result, the soldiers were housed off-post in commercial hotels or apartments. This created novel situations that were not specifically addressed in regulations.

Further, inappropriate policy and guidance on how to identify and pay soldiers entitled to late payment interest and fees because of late travel reimbursement meant that DOD continued to be noncompliant with TTRA. As a result, although DOD paid no late payment interest or fees to Army Guard soldiers through April 2004, we found a number of cases in which soldiers should have been paid interest and indications that thousands more may be entitled to TTRA payments.

With respect to human capital, we found weaknesses, including (1) a lack of leadership and oversight and (2) a lack of adequate training provided to Army Guard soldiers and DFAS CTO voucher examiners. The lack of leadership and oversight over the travel reimbursement process precluded the development of strong overarching internal controls. Specifically, the Army is not using performance metrics to identify and correct systemic problems or to measure performance. The Army Guard soldiers with whom we spoke told us that they had received either inadequate or no training on travel voucher preparation and review. DFAS officials told us that during early 2003, about 200 voucher examiners were hired and received on-the-job training that proved to be inadequate to respond to the number and complexity of the travel vouchers submitted during this period.

The lack of automation also hampered oversight and service to soldiers trying to cope with the travel reimbursement process. The key DOD processes involved in authorizing and reimbursing travel expenses to mobilized Army Guard soldiers are "stove-piped" and not automatically integrated, resulting in a process that is dependent on paper production. These problems are also a major factor in the churning issue discussed previously—the thousands of vouchers that are rejected and returned for

missing documentation. Specifically, the Army does not have automated systems for some critical travel process functions for the Army Guard, such as preparation of travel vouchers, statements of non-availability (SNA), and temporary change of station orders.

DOD recognizes it needs to improve the paper-intensive, manual travel and reimbursement process and has been developing and implementing the Defense Travel System (DTS) to resolve these deficiencies. However, deployment of DTS will not resolve all of the problems we found in reimbursement of travel expenses to mobilized Army Guard soldiers. For example, DTS is currently not able to process travel authorizations and vouchers for mobilized Army Guard soldiers. Given that the effort has been under way for about 8 years and will not address key issues specific to mobilized Army Guard soldiers, it is likely that the department will be relying on the existing paper-intensive, manual, error-prone system for the foreseeable future.

The report we are releasing at today's hearing includes 23 recommendations to correct deficiencies we identified regarding the processes, human capital, and automated systems relied on to provide timely travel cost reimbursements and accurate meal authorizations and entitlements to mobilized Army Guard soldiers. In its comments on a draft of this report, DOD agreed with 21 of our 23 recommendations and outlined its actions to address the deficiencies noted in our report, including steps to clarify circumstances where Army Guard soldiers were entitled to per diem for meals

DOD partially agreed with two recommendations regarding the need for an automated, centralized system for SNAs and the need for DTS to include capabilities to identify, calculate, and pay late payment interest and fees required pursuant to TTRA. Due to the financial burdens on the affected soldiers documented in this report, we continue to believe that DOD should implement measures to resolve these matters both on an interim and long-term basis.

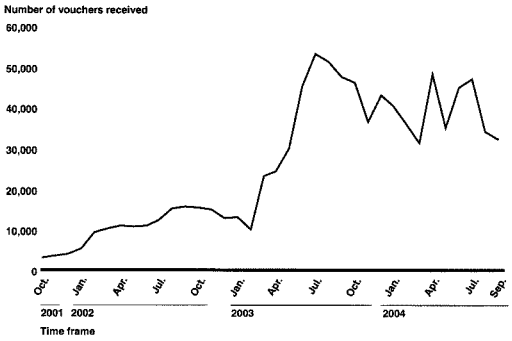
Weaknesses in Error-Prone, Manual Travel Reimbursement Process Were Exacerbated by Increased Operational Tempo

The paper-intensive process used by DOD to reimburse Army Guard soldiers for their travel expenses was not designed to handle the dramatic increase in travel vouchers since the terrorist attacks of September 11, 2001, and the subsequent military activity. The increased operational tempo resulted in backlogs in travel voucher processing as DFAS CTO struggled to keep up with both the increased volume and complexity of the travel vouchers submitted. For example, the monthly volume of travel vouchers being submitted to DFAS CTO increased from less than 3,200 in October 2001 to over 50,000 in July 2003 and remained at levels over 30,000 through September 2004. To its credit, to address the large volume of vouchers received and the unprocessed backlog, DFAS increased its staffing by over 200 new personnel and reported an average processing time of 8 days for its part of the process in September 2004.

Increased Operational Tempo Initially Overwhelmed Process

While the inefficient, manual travel and reimbursement process may have offered some capability to process travel vouchers during periods of low activity when relatively few Army Guard members were mobilized, the current increased operational tempo has strained the process beyond its limits. As shown in figure 1, the monthly travel voucher volume has remained above 30,000 since the July 2003 peak.

Figure 1: Number of Army Guard and Reserve Travel Vouchers Received by DFAS CTO from October 2001 to September 2004

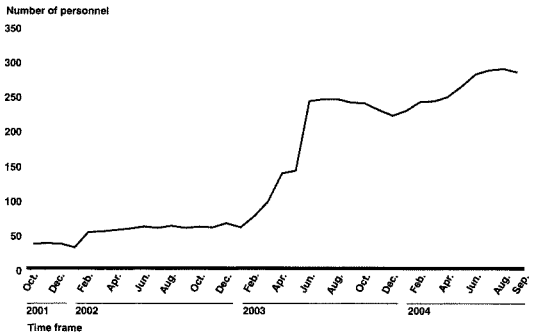


Source: DFAS CTO Indianapolis.

In addition to the rising volume, the increased complexity of the vouchers received further slowed down the process. As military activity increased for Operation Iraqi Freedom and Army Guard, Army Reserve, and active Army soldiers were preparing for duty, not all of the installations to which Army Guard soldiers were assigned had available government housing. As a result, the soldiers were housed off-post in commercial hotels or apartments. This created a number of novel situations that were not specifically addressed in regulations, as discussed later.

During this time frame, DFAS CTO staffing levels were not keeping pace with the rising volume of vouchers. However, while DFAS CTO employed less than 50 personnel in October 2001, this number more than doubled by February 2003 and was increased further to about 240 in June 2003, including 83 Army Guard and Army Reserve soldiers, as shown in figure 2.

Figure 2: Staffing Levels at DFAS CTO from October 2001 to September 2004



Source: DFAS CTO Indianapolis.

A DFAS CTO official told us that the office was not properly staffed to process travel vouchers at the beginning of 2003 when the volume started to increase. Inadequate staffing and the time necessary to train new staff created a backlog of travel vouchers at DFAS CTO, ballooning to over 18,000 vouchers in March 2003.

Impact That Travel Reimbursement Problems Have Had on Army Guard Soldiers and Their Families

The majority of soldiers in our 10 case study units reported problems related to reimbursements for meal expenses that included late payments, underpayments, and overpayments resulting in debts to some soldiers in excess of $10,000. For example, we estimated that about $324,000 was paid more than a year late to 120 soldiers for meal expenses based on the proportional meal rate for their locality. One individual responsible for submitting his unit's vouchers to DFAS CTO told us that he called the process "the travel voucher lottery" because "you never knew whether, or how much, you might get paid." These issues were caused by weaknesses in the process used to pay Army Guard travel reimbursements; the human capital practices in this area, including the lack of adequate training; and nonintegrated automated systems. Table 1 summarizes the experiences of Army Guard soldiers in 10 units. Further details on our case studies are included in our companion report.

Table 1: Examples of Problems Encountered by Case Study Units

Army Guard unit	Number of affected soldiers in unit	Examples of problems encountered and status
Alabama 20th Special Forces	6 of 209	DOD rescission of authorized reimbursement of meal expenses resulted in debts for soldiers.[a]
California 19th Special Forces	30 of 66	Soldiers' travel vouchers were initially rejected because split locations on vouchers did not coincide with information on travel orders. Partially paid.
California 185th Armor	58 of 85	Soldiers were underpaid per diem due to DFAS CTO errors and soldiers' lack of supporting documentation. Soldiers eventually received reimbursement, ranging from $20 to over $3,000. Paid up to 4 months late.
Georgia 190th Military Police	32 of 101	Soldiers incurred over $200,000 of debt due to confusion over rules concerning commuting areas and per diem for meals.[a]
Louisiana 239th Military Police	124 of 124	Soldiers were required to pay to eat government-provided meals at mess hall. Paid 6 months late.
Maryland 115th Military Police	107 of 107	Soldiers housed off-post were denied per diem authorization for meals. Some paid for meals out of pocket while others hitchhiked and rode bicycles 3.5 miles to post dining facility. Unpaid.
Mississippi 20th Special Forces	75 of 75	Soldiers were required to pay to eat government-provided meals at mess hall. Partially paid.

Army Guard unit	Number of affected soldiers in unit	Examples of problems encountered and status
Mississippi 114th Military Police (first mobilization)	120 of 120	Soldiers were frustrated by process to obtain authorization for proportional meal rate for meal expenses that we estimated to be about $2,700 each. Paid 14 months late.
Mississippi 114th Military Police (second mobilization)	76 of 76	Under similar circumstances, soldiers were denied authorization for proportional meal rate for meal expenses that we estimated to be about $6,000 each. Unpaid.
Pennsylvania 876th Engineer Battalion	36 of 37	Soldiers were deployed to Germany, and all were entitled to same monthly reimbursement. Despite filing identical vouchers with proper documentation, the soldiers were paid varying amounts, ranging from $0 to $1,718 for 1 month. DFAS adjustments caused overpayments of $200 to about $1,350, resulting in debts to soldiers.[a]
Virginia 20th Special Forces	51 of 65	Soldiers were paid varying amounts for meal reimbursements due to inconsistent interpretation of SNA documentation at DFAS CTO. Partially paid.

Source: GAO.

[a]The soldiers' wages are generally garnished to repay debts, unless a waiver is granted.

During our audit of selected travel vouchers, we identified some that were paid as much as 16 months after travel ended. Table 2 shows examples of the extent of delays experienced by soldiers in obtaining payment for travel expenses.

Table 2: Problems with Late Payments

Soldier rank and state	Amount of voucher	Days from submission to payment of voucher	Problems encountered
Corporal California	$779	493	Soldier was paid about 1½ years after submitting voucher eight times.
Sergeant Utah	$1,269	237	Soldier received partial payment in September 2003 after submitting voucher five times since October 2002.
Sergeant First Class Colorado	$1,387	481	National Guard authorization for reimbursement was not promptly provided, which soldier claims affected his ability to maintain child support payments.
Sergeant Texas	$682	82	Soldier's command did not file travel voucher when promised.

Source: GAO analysis.

In another instance, Army Guard soldiers called to federal duty to provide security at the Denver International Airport in early 2002 experienced significant delays in getting reimbursed for travel expenditures. The soldiers were provided lodging but not meals and were not authorized per diem for meals on their orders. More than a year elapsed during which the Army Guard Adjutant General with authority over the respective soldiers and Army National Guard Bureau officials worked to obtain and provide the proper authorization to reimburse all the soldiers' travel expenses. In the interim, Army Guard soldiers experienced financial hardships. For example, one soldier's family had to rely on the spouse's salary to pay bills, and another's child support payments were late or less than the minimum required payments.

Travel and Reimbursement Process, Human Capital, and Systems Deficiencies

Deficiencies in three key areas—process, human capital, and systems—were at the core of the travel and reimbursement problems we identified. Policies and guidance, the foundation of the process for authorizing travel entitlements and reimbursements, were not always known by the mobilized soldiers nor were they well understood by local base personnel, and the authorizations were not documented on their mobilization orders or travel orders. Human capital weaknesses included a lack of leadership and oversight in addition to inadequate training. Further, the lack of systems integration and automation along with other systems deficiencies contributed significantly to the travel reimbursement problems we identified.

Process Deficiencies

The lack of clear procedural guidance contributed to the inaccurate, delayed, and denied travel reimbursements we identified and created problems not only for Army Guard soldiers but for numerous other personnel involved with authorizing travel entitlements. Prior to September 11, 2001, most travel guidance addressed relatively routine travel for brief periods and was not always clearly applicable to situations Army Guard soldiers encountered, particularly when they could not avail themselves of government-provided meals due to the nature of their duty assignments. In October 2001, although the Army issued new guidance that was intended to address travel entitlements unique to Army and Army Guard soldiers mobilized for the war on terrorism, it was not well-understood. Furthermore, inappropriate policy and guidance on how to identify and pay soldiers entitled to late payment interest and fees because of late travel reimbursement meant that DOD continued to be noncompliant with TTRA. We found a number of cases in which soldiers should have been paid late payment interest and indications that thousands more may be entitled to late payment interest.

Lack of Clear Guidance on Travel Entitlements, Including Late Payment Interest and Fees

We found that a key factor contributing to delays and denials of Army Guard reimbursements for out-of-pocket meal expenses was a lack of clearly defined guidance. We noted that the existing guidance (1) provided unclear eligibility criteria for reimbursement of out-of-pocket meal expenses, (2) lacked instructions for including meal entitlements on mobilization orders, and (3) contained inadequate instructions for preparing and issuing SNAs.

Two primary sources of guidance used by both Army Guard soldiers and travel computation office personnel for information on travel entitlements were (1) the Army's personnel policy guidance (PPG) for military personnel mobilized for Operations Iraqi Freedom, Enduring Freedom,

and Noble Eagle; and (2) DOD's Joint Federal Travel Regulation (JFTR). We found that both Army Guard soldiers and travel computation personnel had difficulty using these sources to find the information necessary about the rules regarding travel-related entitlements.

Table 3 shows the sources of common problems related to meal expense reimbursements experienced by soldiers in our case studies.

Table 3: Sources of Problems Experienced by Army Guard Case Study Units in Obtaining Reimbursements for Meal Expenses

	Source of problem		
Case study units	**Unclear eligibility criteria for reimbursement of out-of-pocket meal expenses**	**Lack of specific entitlements on orders**	**Confusing nonstandard SNAs**
Alabama 20th Special Forces	X		
California 19th Special Forces		X	
California 185th Armor			X
Georgia 190th Military Police	X		
Louisiana 239th Military Police	X	X	
Maryland 115th Military Police	X	X	
Mississippi 20th Special Forces	X	X	X
Mississippi 114th Military Police	X	X	
Pennsylvania 876th Engineers			X
Virginia 20th Special Forces			X

Source: GAO.

Unclear eligibility criteria. We found that guidance did not adequately address some significant conditions that entitled a soldier to reimbursement of authorized meal expenses. For example, although the JFTR entitled soldiers to reimbursement for meal expenses when transportation was not reasonably available between government meal facilities and place of lodging,[8] the term "reasonably available" was not defined. The PPG directed the maximum use of installation facilities, and if not feasible, then "multi-passenger vehicles[9] should be used" to transport

[8] JFTR, ch. 4, para. U4400-B3c, change 193, January 1, 2003.

[9] PPG (reformatted April 2004), ch. 8-2,a, (6) (c).

soldiers to installation facilities. However, the PPG is silent regarding what constitutes adequate transportation, particularly when transportation to government meal facilities is necessary for Army Guard soldiers who cannot be housed in government facilities. As discussed in our companion report, we found disagreements between the soldiers and their command officials about the adequacy of transportation to government meal facilities and their entitlement to get reimbursed for eating at commercial facilities closer to their lodgings. Without clear guidance on these issues, Army decisions will continue to appear arbitrary and unfair to soldiers.

Lack of specific entitlements on orders. Army and Army Guard policies and procedures do not provide for mobilization orders issued to Army Guard soldiers to clearly state that these soldiers should not be required to pay for meals provided to them at government dining facilities. As a result, we noted instances in which mobilized soldiers arrived at government mess halls carrying mobilization orders that did not specifically state that the soldiers could eat free of charge and were inappropriately required to pay for their meals. Consequently, many Guard soldiers were unable to obtain reimbursement for their out-of-pocket costs in a timely manner.

The PPG states, "TCS soldiers who are on government installations with dining facilities are directed to use mess facilities. These soldiers are not required to pay for their meals."[10] In addition, the PPG states, "Basic Allowance for Subsistence[11] will not be reduced when government mess is used for soldiers in a contingency operation."[12] As such, an Army Guard soldier called to active service is entitled to eat at a government mess hall without charge and concurrently entitled to receive BAS as part of his military pay.[13] However, the PPG does not provide guidance addressing the

[10] PPG, ch. 8-2a(5).

[11] BAS is included in the Army Guard soldier's compensation and is not a travel entitlement. For example, BAS is a continuation of the military tradition of providing room and board (or rations) as part of a service member's pay. The monthly BAS rate is based on the price of food and is readjusted yearly based upon the increase of the price of food as measured by the Department of Agriculture food cost index. As of January 2004, BAS ranged from $175.23 a month for officers to $262.50 a month for enlisted service members.

[12] PPG, ch. 8-2a(5).

[13] PPG, para. 8-2.a.(5) (reformatted April 2004). See also 37 U.S.C. § 1009(d), which provides that a soldier's BAS is not to be reduced when the soldier is temporarily assigned to duty away from the soldier's permanent duty station.

content of mobilization orders for Army Guard soldiers with respect to meal entitlements.

In response to questions we posed to officials representing the Mississippi Adjutant General's office regarding why mobilization orders did not include adequate provisions about food entitlements, they explained that the individual mobilization orders that are prepared by the Adjutant General's staff are very basic and include only the travel allowances and actions that are necessary to get the individual from the home station to the mobilization station. The Adjutant General office received no guidance on what should be stated in the orders with respect to soldiers eating free of charge at government installations or any other conditions that may entitle Army Guard soldiers to per diem to compensate them for their out-of-pocket meal costs. In addition, our companion report provides examples where Army officials were not always aware that Army Guard soldiers called to active duty were entitled to BAS in addition to meal entitlements while they were serving under mobilization orders or temporary change of station (TCS) orders.

Confusing, nonstandard SNAs. Lack of standardization and changing guidance has resulted in SNAs of various form and content, signed by officials at different levels of authority. Consequently, travel computation office reviewers were unable to consistently determine the validity of SNAs. Our work identified travel computation office reviewers who rejected soldiers' requests for reimbursements even though they were supported by valid SNAs.

The most recent PPG guidance authorizes the installation commander to determine whether to issue an SNA[14] based on each unit's situation and the availability of government housing.[15] The guidance states that when government or government-contracted quarters are not available, soldiers will be provided certificates or SNAs for both lodging and meals to authorize per diem. However, the guidance does not specify the form and content of the SNAs. Consequently, we found that the form of the SNA and the content of the information on the form varied at the discretion of the issuing command.

[14] PPG, ch. 8-2, .a, (5).

[15] PPG, ch. 8-2, .a, (6) (c).

For example, one installation stamped the soldiers' orders and handwrote an SNA identification number in a block provided by the stamp. Another location provided a written memo that stated that the meal component of per diem was authorized because there were no food facilities at the government installation. Another provided a single SNA with a roster attached that listed the names of the soldiers who were authorized per diem. The variety of SNA formats can cause confusion for the soldier, who does not know what documentation is needed for reimbursement and whether the travel computation office will accept it. The travel computation office personnel can also be confused about the criteria for a valid SNA.

Our work found instances in which installation commands denied soldiers' requests for SNAs. In response to our inquiries, we found that commands do not generally document their rationale for denying SNAs and there is no requirement for them to do so. This lack of documentation can leave soldiers even more confused and frustrated when seeking answers as to why their requests for per diem were denied. GAO's Standards for Internal Control in the Federal Government require the maintenance of related records and appropriate documentation that provide evidence of execution of control activities.

Late Payment Interest and Fees Guidance Thwarts Intent of the Law

Inappropriate policy and guidance, issued by DFAS Indianapolis, combined with the lack of systems or processes designed to identify and pay late payment interest and fees, leave DOD in continued noncompliance with TTRA. As a result, through at least April 2004, DFAS Indianapolis had made no required payments of late payment interest and/or late payment fees to soldiers for travel reimbursements paid later than 30 days after the submission of a proper voucher. For example, of 139 individual vouchers we selected to determine why these took a long time to process, we identified 75 vouchers that were properly submitted by Army Guard soldiers that should have received late payment interest totaling about $1,400.

In addition, DFAS data showed indications that thousands of other soldiers may be due late payment interest. For example, during the period October 1, 2001, through November 30, 2003, dates in the DFAS Operational Data Store showed that about 85,000 vouchers filed by mobilized Army Guard soldiers were paid more than 60 days after the date travel ended. If the dates on these vouchers were correct, the soldiers who submitted proper vouchers within 5 days of the date travel ended would be entitled to late payment interest if they were not paid within the 30-day limit.

TTRA and federal travel regulations[16] require the payment of a late payment fee consisting of (1) late payment interest, generally equivalent to the Prompt Payment Act Interest Rate; plus (2) a late payment fee equivalent to the late payment charge that could have been charged by the government travel card contractor. Late payment interest and fees are to be paid to soldiers if their reimbursements are not paid within 30 days of the submission of a proper voucher.

Although DFAS issued guidance related to TTRA in April 2003, interpretation of the guidance limited the payment of late payment interest and fees to only the final settlement travel voucher[17] for all travel under a particular travel order. This practice contributed to continued noncompliance with the law because it effectively excluded large numbers of monthly or accrual vouchers[18] from consideration of late payment interest and fees.

As a result of our work, in May 2004 DFAS clarified that all travel voucher reimbursements are subject to late payment interest and fees. However, subsequent to DFAS's dissemination of its May 2004 clarification guidance, we found late vouchers for which DFAS did not pay late payment interest and fees. For example, the final vouchers for 63 soldiers with the Georgia Army National Guard's 190th Military Police Company were processed late in April 2004 without payment of late payment interest or fees, even though they were covered by DFAS guidance issued in 2003. The payments were made a total of 81 days after the supervisory signatures, thus making the payments 51 days over the 30 days allowed for payment. We notified DFAS officials of the oversight and they subsequently made the interest payments.

Human Capital Issues

With respect to human capital, we found weaknesses including (1) a lack of leadership and oversight and (2) a lack of adequate training provided to Army Guard soldiers and travel computation office examiners. GAO's Standards for Internal Control in the Federal Government state that

[16] FTR, 41 C.F.R. § 301 71.210.

[17] A settlement voucher is the final travel voucher submitted at the end of a period of travel, including an extended period of travel.

[18] An accrual travel voucher is a claim for partial payment of travel expenses that can be filed by travelers whose travel time extends beyond 30 days. The traveler should file an accrual travel voucher within 5 working days after the end of every 30 calendar-day period.

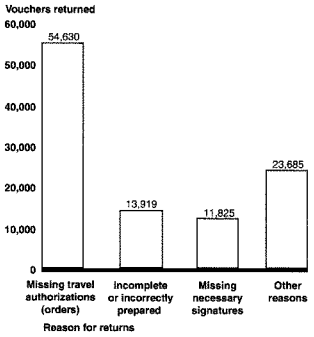
effective human capital practices are critical to establishing and maintaining a strong internal control environment. Specifically, management should take steps to ensure that its organization can promptly identify problems and respond to changing needs, and that appropriate human capital practices are in place and operating effectively. Without an overall leadership structure in place, neither the Army nor the Army Guard had developed and implemented processwide monitoring and performance metrics necessary to promptly identify and resolve problems causing late-paid travel vouchers. We also found that lack of adequate training for soldiers and newly hired DFAS CTO personnel was a contributing factor to some travel voucher processing deficiencies.

Lack of Leadership and Oversight

No one office or individual was responsible for the end-to-end Army Guard travel reimbursement process. The lack of overall leadership and fragmented accountability precluded the development of strong overarching internal controls, particularly in the area of program monitoring. Neither the Army nor the Army Guard were systematically using performance metrics to gain agencywide insight into the nature and extent of the delays to measure performance and to identify and correct systemic problems. Our Standards for Internal Control in the Federal Government require agencies to have internal control procedures that include top-level reviews by management that compare actual performance to expected results and analyze significant differences.

As shown in figure 3, internal reports prepared by DFAS CTO show that missing travel orders was the primary reason why it did not accept vouchers for payment. DFAS CTO reported that it rejected about 104,000, or approximately 17 percent, of 609,000 vouchers during the period July 2003 through September 2004, with missing travel authorizations accounting for over half of the rejected vouchers. While this churning process appeared to be a primary factor in payment delays and soldier frustration, DFAS CTO, Army, or Army Guard offices had not performed additional research to determine the root cause of this and other voucher deficiencies.

Figure 3: Army Reserve and Army Guard Travel Vouchers Returned by DFAS CTO from July 2003 through September 2004



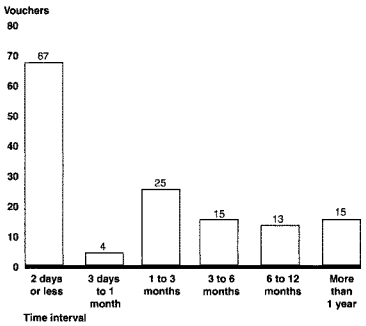
Source: DFAS CTO Indianapolis.

Similarly, our analysis of a selection of individual travel vouchers also disclosed that some vouchers were returned to soldiers because of missing documentation or the lack of required signatures. However, neither DOD management officials nor we could determine the root cause of all instances of missing information. Some soldiers told us that DFAS CTO lost documentation that they had submitted. DFAS CTO also experienced problems with faxed vouchers, which caused vouchers and supporting documentation not to be printed and processed in some cases. According to a DFAS CTO official, DFAS was unaware that faxed vouchers were not printing until a soldier complained that DFAS was not receiving his faxes. DFAS did not monitor incoming faxes, even though it reported that faxed travel vouchers account for approximately 60 percent of the total mobilized Army Guard and Reserve travel vouchers it received. These problems obstructed the normal handling of a number of those vouchers. In an effort to resolve this problem, DFAS CTO, in March 2004, ceased relying on an automatic print function of the fax system software and began manually printing vouchers.

As shown in figure 4, our audit of a nonrepresentative selection of 139 travel vouchers (69 computed by DFAS CTO and 70 by USPFOs) found

significant delays occurred between the date of the reviewer's signature and the date that the travel computation office accepted the voucher. Some of these delays were caused by the time needed to correct vouchers that were deficient and resubmit them to DFAS CTO or another USPFO travel computation office.

Figure 4: Time Intervals between Reviewer Approval and Travel Computation Office Acceptance for 139 Selected Travel Vouchers



Source: GAO analysis.

We determined that the travel computation office rejected 32 of the 72 travel vouchers delayed for more than 3 days because of missing documentation or the lack of required signatures and sent them back to the soldiers for corrections. A lack of documentation or other information prevented us from determining the reason for delays of more than 3 days for the remaining travel vouchers.

The Army's lack of processwide oversight, including monitoring of the rejection and return of vouchers by DFAS CTO and other travel computation offices, resulted in undetected delays in reimbursement, leading to unnecessary frustration with the Army's travel and reimbursement process and potential financial difficulty for the soldier. Further, without establishing and monitoring program metrics, management had no assurance that it had identified where the breakdowns were occurring and could not take the appropriate steps to

resolve any identified problems. For example, although the Army relied on the individual unit reviewer for assurance that travel vouchers were properly reviewed and transmitted promptly to the travel computation offices, the Army did not establish and monitor performance metrics to hold these reviewers accountable for their critical role in the process.

Further, although metrics were available on the average time DFAS CTO took to pay travel vouchers after receipt, the Army did not have statistical data on supplemental vouchers that could help provide additional insight into the extent and cause of processing errors or omissions by voucher examiners, unit reviewers, or Army Guard soldiers. Several of our case studies indicate that accuracy may be an important issue. For example, one method DFAS CTO uses to correct a voucher error or omission is to process a supplemental voucher.[19] According to DFAS data, DFAS CTO processed about 251,000 vouchers related to Army Guard soldiers mobilized during the period October 1, 2001, through November 30, 2003, of which over 10,600 were supplemental vouchers. However, DFAS CTO officials could not tell us how many of these were due to errors or omissions by DFAS examiners or other factors. Our audit of 69 supplemental vouchers for the California 185th case study unit showed that 41 were due to DFAS CTO errors and the remaining 28 were due to errors or omissions on the part of the soldiers.

Finally, we noted that although DFAS CTO established a toll-free number (1-888-332-7366) for questions related to Army Guard and Reserve contingency travel, DFAS did not have performance metrics to identify problem areas or gauge the effectiveness of this customer service effort. For example, DFAS did not systematically record the nature of the calls to the toll-free number. According to DFAS data, this number, staffed by 30 DFAS employees, received over 15,000 calls in June 2004. By monitoring the types of calls and the nature of the problems reported, important information could have been developed to help target areas where training or improved guidance may be warranted. Further, DFAS had not established performance metrics for its call takers in terms of the effectiveness of resolved cases or overall customer service.

[19] The term "supplemental voucher" as used in this context refers to travel vouchers processed for the purpose of correcting an error in a previous partial or accrual travel voucher submitted and paid prior to the completion of an extended period of travel.

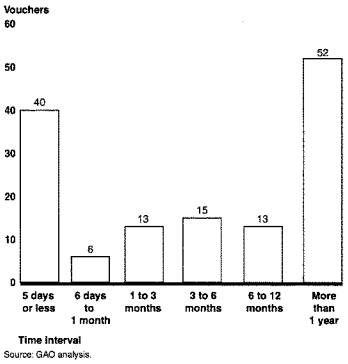
Inadequate Training Results in Late or Inaccurate Reimbursements

Although Army regulations specify the responsibilities of soldiers, they do not require that soldiers be trained on travel entitlements and their role in the travel reimbursement process. Some of the Army Guard soldiers that we spoke with told us that they had received either inadequate or no training on travel voucher preparation and review. In addition, a DFAS CTO official told us that the on-the-job-training provided to its new personnel in early 2003 initially proved to be inadequate. Army Guard soldiers in our case studies told us that they asked DFAS representatives or used the Internet in attempts to find, interpret, and apply DFAS guidance, which by itself proved to be insufficient and required many trial-and-error attempts to properly prepare travel vouchers. As a result, many soldiers did not receive their travel payments on time.

Army Guard soldiers. Army Guard soldiers in our case studies told us that they were confused about their responsibilities in the travel voucher reimbursement process because they had not been sufficiently trained in travel voucher processes related to mobilization. For example, prior to September 11, 2001, most travel guidance addressed the criteria for single trips or sequential trips and was not always clearly applicable to situations in which Army Guard soldiers could be authorized short intervals of travel for temporary duty at different locations within their longer term mobilization. This "overlapping travel" proved to be problematic for Army Guard soldiers trying to understand their travel voucher filing requirements and travel computation office examiners responsible for reviewing travel vouchers.

In addition, we found indications that some soldiers were not aware of DOD's requirement to complete a travel voucher within 5 days of the end of travel or the end of every 30-day period in cases of extended travel. For example, as shown in figure 5, in our selection of 139 vouchers, 99 (71 percent) of the Army Guard soldiers did not meet the 5-day requirement. Fifty-two Army Guard soldiers submitted their vouchers more than 1 year late.

Figure 5: Timing from the End of Travel to Soldier Submissions for 139 Selected Travel Vouchers



Source: GAO analysis.

Of the 59 Army Guard soldiers that we could locate and interview, 23 said that they lacked understanding about procedures, or lacked knowledge or training about the filing requirements. Eight Army Guard soldiers said that they procrastinated or forgot to file their travel vouchers on time. The remaining 28 said that they could not remember anything about the specific voucher we asked about or did not respond to our inquiries.

DFAS CTO personnel. DFAS CTO also had challenges training its examiner staff. The increase in mobilizations since September 11, 2001, and resulting increase in travel voucher submissions put a strain on DFAS CTO's ability to make prompt and accurate travel reimbursements to Army Guard soldiers. As discussed previously, DFAS CTO hired more than 200 staff from October 2001 through July 2003, which brought the total number of staff to approximately 240. The training of these new employees was delivered on-the-job. Training time depended on the individual and type of work. For example, according to a DFAS CTO official, it took from 1 to 3 months for a voucher examiner to reach established standards. The DFAS CTO official told us that, in some cases, on-the-job training proved to be inadequate and contributed to travel reimbursement errors during this period.

Our work indicated that mistakes by DFAS CTO contributed to reimbursement problems. For example, our California case study indicated that 33 soldiers were initially underpaid a total of almost $25,000 for meals, lodging, and incidental expenses when personnel at DFAS CTO based travel cost calculations on an incorrect duty location and a corresponding incorrect per diem rate. Although these soldiers eventually received the amounts they were due, the corrections took months to resolve.

System Problems

The lack of integrated and automated systems results in the existing inefficient, paper-intensive, and error-prone travel reimbursement process. Specifically, the Army does not have automated systems for some critical Army Guard travel process functions, such as preparation of travel vouchers, SNAs, and TCS orders, which precludes the electronic sharing of data by the various travel computation offices. In addition, system design flaws impede management's ability to comply with TTRA, analyze timeliness of travel reimbursements, and take corrective action as necessary.

Lack of Integrated Systems

The DOD Task Force to Reengineer Travel stated in a January 1995 report[20] that the travel process was inefficient because systems involved with travel authorizations were not integrated with systems involved with travel reimbursements. Similarly, as we have reported and testified,[21] decades-old financial management problems related to the proliferation of systems, due in part to DOD components receiving and controlling their own information technology investment funding, result in the current fragmented, nonstandardized systems.

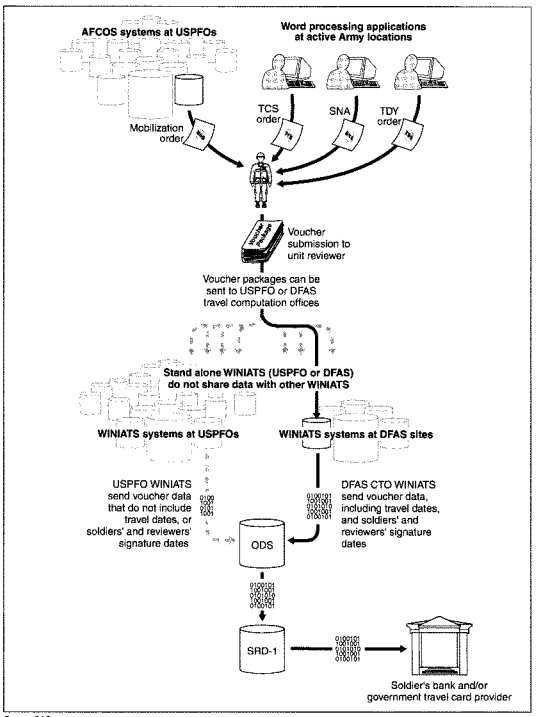
Lacking either an integrated or effectively interfaced set of travel authorization, voucher preparation, and reimbursement systems, the Army Guard must rely on a time-consuming collection of source documents and error-prone manual entry of data into a travel voucher computation system, as shown in figure 6. For example, if the system that created the

[20] U.S. Department of Defense, *Report of the Department of Defense Task Force to Reengineer Travel* (Washington, D.C.: January 1995).

[21] GAO, *DOD Business Systems Modernization: Billions Continue to Be Invested with Inadequate Management Oversight and Accountability*, GAO-04-615 (Washington, D.C.: May 27, 2004), and *Department of Defense: Long-standing Problems Continue to Impede Financial and Business Management Transformation*, GAO-04-907T (Washington, D.C.: July 7, 2004).

mobilization order, the Automated Fund Control Order System (AFCOS), interfaced with the travel voucher computation system, a paper copy of the mobilization order would not be necessary because it would be electronically available. In turn, a portion of Army Guard and Army Reserve vouchers returned by DFAS CTO to soldiers because of these missing orders—a significant problem as discussed previously—could have been eliminated.

Figure 6: Overview of the Design of Systems and Travel Applications Used for Army Guard Travel



Source: GAO.

Further, the lack of an integrated travel system and consequent "workarounds" increase the risk of errors and create the current inefficient process. As noted previously, several separate WINIATS systems at DFAS and the USPFOs can process travel vouchers for mobilized Army Guard soldiers. These databases operate on separate local area networks that do not exchange or share data with other travel computation offices to ensure travel reimbursements have not already been paid. Instead, as shown in figure 6, multiple WINIATS systems transmit data to the DFAS Operational Data Store (ODS)—a separate database that stores disbursement transactions. As a result, when a soldier submits a voucher, voucher examiners must resort to extraction and manual review of data from ODS. Next, voucher examiners research and calculate previous payments—advances or interim payments—made by other Army WINIATS systems. This information is then manually entered into WINIATS for it to compute the correct travel reimbursement for the current claim. In addition to being time consuming, this manual workaround can also lead to mistakes. For example, a Michigan soldier was overpaid $1,384 when two travel computation offices paid him for travel expenses incurred during the same period in August and September 2002. This overpayment was detected by DFAS CTO when the soldier filed his final voucher in August 2003.

Lack of Automated Systems

DOD lacks an automated system for preparing travel vouchers, which hinders the travel reimbursement process. As shown in figure 6, soldiers manually prepare their paper travel vouchers and attach many paper travel authorizations and receipts and distribute them via mail, fax, or e-mail to one of the travel computation offices. The lack of an integrated automated system increases the risk of missing documents in voucher submissions, which results in an increased number of vouchers rejected and returned by DFAS CTO. In addition, the Army currently lacks an automated centralized system to issue uniquely numbered and standard formatted SNAs regarding housing and dining facilities for mobilized soldiers. The lack of automated centralized standard data precludes electronic linking with any voucher computation system and the reduction of paperwork for individual soldiers, as they must obtain and accumulate various paper authorizations to submit with their vouchers.

Further, the Army lacks an automated system for producing TCS orders. As illustrated at the top of figure 6, the various mobilization stations use a word processing program to type and print each individual TCS order to move a soldier to such places as Afghanistan and Iraq. Similar to the process for SNAs, mobilization stations maintain separate document files for each TCS order issued. The absence of a standard automated system

used by each of the mobilization stations prevents the Army from electronically sharing TCS data with other systems, such as a voucher computation system. Consequently, the process will remain vulnerable to delays for returned voucher submissions as mobilized Army Guard soldiers continue to receive paper SNAs and TCS orders. Finally, even if the Army automates the TCS, SNA, and voucher preparation processes, as discussed previously, these new automated systems would need to be either integrated or interfaced with a voucher computation system to decrease the amount of time from initiation of travel to final settlement of travel expenses.

Other System Problems

We found that many Army Guard USPFOs did not populate key data fields in WINIATS as directed by DFAS Indianapolis. As a result, complete and accurate information was not available for a variety of management needs. For example, dates such as the voucher preparation date, supervisor review date, and the travel computation office receipt date, are key in providing DOD management with the information necessary to comply with TTRA, which requires DOD to reimburse soldiers for interest and fees when travel vouchers are paid late. In addition, these dates are essential in providing management with performance information that can help DOD improve its travel reimbursement process. Our analysis of 622,821 Army Guard travel voucher transactions filed from October 1, 2001, through November 30, 2003, and processed by DFAS CTO and the USPFOs found that at least one of these key dates was not recorded in ODS for 453,351, or approximately 73 percent, of the transactions.

In cases in which the key dates necessary to perform the evaluation were being captured, incorrect entries were not detected. A WINIATS representative told us that the system was not designed with certain edit checks to detect data anomalies such as those caused by erroneous data entry. We found that 52 of 191 in our nonrepresentative selection of travel vouchers filed by soldiers had incorrect dates recorded in ODS (e.g., the date of supervisory review predated the date of travel ended by nearly a year) and that these data entry errors were not detected. Without system edit checks to detect data anomalies, the accuracy and reliability of the data are questionable, and consequently, management cannot carry out its oversight duties.

Defense Travel System Deficiencies

Although DOD recognized the need to improve the travel reimbursement process in the 1990s and has been developing and implementing DTS, this system is currently not able to process mobilized travel authorizations (e.g., mobilization orders, TCS orders, and SNAs) and vouchers and,

therefore, does not provide an end-to-end solution for paying mobilized Army Guard soldiers for travel entitlements. Furthermore, DFAS auditors have reported additional problems with DTS. Given DOD's past failed attempts at developing and implementing systems on time, within budget, and with the promised capability, and that the effort has already been under way for about 8 years, it is likely that the department will be relying on the existing paper-intensive, manual system for the foreseeable future.

At the end of fiscal year 2003, DOD reported investing about $288 million in DTS. In 2003, Program Management Office-Defense Travel System (PMO-DTS) estimated an additional $251 million was needed for DTS to be fully operational at the end of fiscal year 2006, resulting in an estimated total development and production cost of over 10 years and $539 million. This cost estimate does not include deploying DTS to the majority of the Army Guard USPFOs. Although the Army Guard supplies most of the mobilized soldiers in support of the global war on terrorism, DTS deployment to the 54 USPFOs is not scheduled to begin until fiscal year 2006. The Army is expected to fund the majority of the costs to field the program to the USPFOs, where mobilized Army Guard travel begins. The DTS total life cycle cost estimate, including the military service and Defense agencies, is $4.39 billion.[22]

DTS Is Not an End-to-End Solution for Paying Mobilized Army Guard Soldiers' Travel Entitlements

While DTS purports to integrate the travel authorization, voucher preparation, and approval and payment process for temporary duty (TDY) travel, it does not integrate travel authorizations and reimbursements for mobilized Army Guard soldiers. DOD officials have stated that currently DTS cannot process mobilized Army Guard travel reimbursements involving various consecutive and/or overlapping travel authorizations. DOD officials acknowledged that DTS would not produce the various travel authorizations related to mobilization travel, because DOD is presently designing a pay and personnel system, the Defense Integrated Military Human Resources System (DIMHRS), which will accomplish this task. DOD's current strategy is for DTS to electronically capture the travel authorization information from DIMHRS, after which a soldier would use DTS to prepare and submit a travel voucher. This would require that

[22] The life cycle cost estimate is the cost estimate for fiscal years 1996 through 2016 for the DOD business travel function expressed in constant fiscal year 2003 dollars. It includes investment costs for fiscal years 1996 through 2006, operations costs for fiscal years 2003 through 2016, and alternate system (status quo) phase-out costs for fiscal years 1996 through 2006.

DIMHRS have the capability to electronically capture the various authorizations applicable to Army Guard travel, such as mobilization and temporary change of station orders, and that SNAs are generated from a standard, automated system that can effectively interface with DTS. DOD officials do not plan to implement DIMHRS at the Army Guard until March 2006. As a result, the timing and ability of the Army Guard to process mobilization travel vouchers through DTS appears to hinge on the successful development and implementation of DIMHRS and its interface with DTS.

DTS Does Not Compute Late Payment Interest and Fees

DTS is not being designed to identify and calculate travelers' late payment interest and fees in accordance with TTRA. As discussed earlier in this statement, DOD's current travel computation system does not automatically identify and calculate the TTRA late payment interest and fees. Furthermore, no controls are in place to ensure that the manual calculation is performed and that the interest and fee amounts are entered into the system for payment. According to DTS officials, DOD has not directed that DTS be designed to include such a feature. As a result, as currently designed, DTS provides no assurance that late payment interest and fees will be paid to travelers as required pursuant to TTRA.

Other Auditors Identify Problems with DTS

A DFAS Kansas City Statistical Operations and Review Branch report[23] identified several significant problems with the current DFAS implementation. Specifically, for the first quarter of fiscal year 2004, DFAS reported a 14 percent inaccuracy rate in DTS travel payments of airfare, lodging, and meals and incidental expenses. This report cited causes similar to those we identified in the areas of traveler preparation of claims and official review of claims. In addition to these deficiencies, DFAS noted errors in DTS calculations for meals and incidental expenses.

Another DFAS Internal Review report,[24] dated June 15, 2004, indicated that improvements were needed in DTS access controls to prevent or detect unauthorized access to sensitive files. DFAS Internal Review reported that

[23] Defense Finance and Accounting Service, Statistical Operations and Review Branch, *Military & Civilian Pay Services Defense Travel System: Results of Post Payment Reviews, 1st Quarter, FY 2004* (Kansas City, Mo.: undated).

[24] Defense Finance and Accounting Service Internal Review, *Review of the Defense Travel System (DTS)* (Arlington, Va.: June 15, 2004).

because PMO-DTS had not established standard user account review and maintenance procedures, DTS is vulnerable to unauthorized individuals gaining access to the system and confidential information, resulting in potential losses to DOD employees and the government. The report also noted that DTS was not adequately retaining an audit trail of administrative and security data, leaving management unable to investigate suspicious activities or research problem transactions.

Actions to Improve Accuracy and Timeliness of Mobilized Army Guard Travel Reimbursements

DOD, the Army, the National Guard Bureau, and DFAS reported several positive actions during the course of our work that, if implemented as reported, should improve the accuracy and timeliness of travel reimbursements to Army Guard soldiers. Because these actions were relatively recent, we could not evaluate their effectiveness.

For example, DFAS officials also told us that they have taken several steps to reduce the number of vouchers being returned to the soldiers due to missing signatures and missing mobilization orders. DFAS and the National Guard Financial Services Center—a field operating agency of the Chief, National Guard Bureau, that performs selected financial services—entered into a Memorandum of Agreement effective February 2004 whereby DFAS will obtain the assistance of the National Guard to address problems with certain vouchers that would otherwise be returned to soldiers. According to DFAS CTO data, since the implementation of the agreement through the end of fiscal year 2004, 13,523 travel vouchers were coordinated with the National Guard in this manner rather than initially being sent back to the soldiers for correction.

In the human capital area, DFAS CTO enhanced its training program for voucher examiners. For example, DFAS CTO used computer-based training to provide new personnel an initial overview of WINIATS and voucher computation procedures. In addition, a DFAS CTO official told us that a 40-hour course, which was designed specifically to address the types of vouchers received by DFAS CTO, has been established to train new employees.

In addition, to help ensure that the Army Guard receives timely and accurate travel reimbursements, other immediate steps are needed to mitigate the most serious problems we identified. Accordingly, in our related report (GAO-05-79), we made 19 short-term recommendations to the Secretary of Defense to address weaknesses we identified that included the need for (1) mobilization and related travel orders to clearly state meal entitlements, (2) standardization of the form and content of

SNAs for contingency operations, and (3) appointment of an ombudsman with accountability for resolving problems Army Guard soldiers encounter at any point in the travel authorization and reimbursement process. We also made 4 recommendations as part of longer term initiatives to reform travel, pay, and personnel systems, including the need to integrate or interface automated travel vouchers, SNAs, TCS orders, mobilization orders, and other relevant systems. In its comments on a draft of our companion report, DOD agreed with 21 of our 23 recommendations and outlined its actions to address the deficiencies noted in our report. DOD partially concurred with 2 recommendations regarding the need for an automated, centralized system for SNA per diem authorizations and the need for DTS to include capabilities to identify, calculate, and pay late payment interest and fees required pursuant to TTRA. Due to the financial burdens on the affected soldiers documented in our report, we continue to believe that DOD should implement measures to resolve these matters both on an interim and long-term basis.

Conclusions

As Army Guard soldiers heed the call to duty and serve our country in vital and dangerous missions both at home and abroad, they deserve nothing less than full, accurate, and timely reimbursements for their out-of-pocket travel expenses. However, just as we recently reported for Army Guard and Reserve pay, our soldiers are more often than not forced to contend with the costly and time-consuming "war on paper" to ensure that they are properly reimbursed. The process, human capital, and automated systems problems we identified related to Army Guard travel reimbursement are additional examples of the broader, long-standing financial management and business transformation challenges faced by DOD. Similar to our previously reported findings for numerous other DOD business operations, the travel reimbursement process has evolved over years into the stove-piped, paper-intensive process that exists today and was ill-prepared to respond to the current large and sustained mobilizations. Without systematic oversight of key program metrics, breakdowns in the process remain unidentified and effective controls cannot be established and monitored.

Finally, DOD's long-standing inability to develop and implement systems solutions on time, within budget, and with the promised capability appears to be a critical impediment in this area. The problems we identified with DOD's longer term automated systems initiatives—DIMHRS and DTS—raise serious questions of whether and when mobilized soldiers' travel reimbursement problems will be resolved.

Contact and Acknowledgments

For further information about this testimony, please contact Gregory D. Kutz at (202) 512-9095 or kutzg@gao.gov. Staff making key contributions to this report include Paul S. Begnaud, Norman M. Burrell, Mary Ellen Chervenic, Francine M. DelVecchio, Lauren S. Fassler, Dennis B. Fauber, Wilfred B. Holloway, Patty P. Hsieh, Charles R. Hodge, Jason M. Kelly, Stephen Lipscomb, Julia C. Matta, Sheila D. Miller, John Ryan, Bennett E. Severson, Robert A. Sharpe, Patrick S. Tobo, and Jenniffer F. Wilson.

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Mr. PLATTS. Thank you, Mr. Kutz.

We will stand in recess for about 20 minutes to the call of the Chair.

[Recess.]

Mr. PLATTS. We will reconvene the hearing. I apologize for the delay and appreciate your patience while we got the votes. The good thing is, that is our last series of recorded votes on the floor, so I should not have to run out again in the midst of our ongoing hearing.

Again, I want to thank all four of you for your testimonies, and I will get into some more specifics. The way I understand the problems identified in the GAO report and the statements of our witnesses here today is that we all acknowledge some significant problems that have come up as we have experienced this tremendous mobilization, some of which were more troublesome than others. We have made some good headway in the right direction. We still have work to be done and we seem to have an idea of what that work is as we go forward.

Where I would like to start is maybe with GAO, Mr. Kutz. You have identified 23 specific recommendations and in your testimony I believe 20 of those were agreed to and acted on by the Department, or 21, and then two that were partially agreed to and being acted on.

If you want to summarize from where we are today versus at the time you did the study and your best information as you understand from your perspective of what major issues are still out there, or kind of in the works, and then we will get to the Department's perspective on where we are and how we are addressing those.

Mr. KUTZ. Right. I mentioned in the beginning that the issues were people, processes and automated systems. I would say that the significant activity has been on dealing with human capital issues and process improvements such as customer service and just dealing with the specific problems we identified in this report, putting other training and education programs in place.

There has been quite a bit of activity and we have seen solid evidence that is happening. So I would say with respect to dealing with the current system and compensating for the problems with it, there has been very good progress. Our bigger concern is the Defense Travel System. When we did take a good look at the Defense Travel System as it relates to this problem, it was barely on the drawing board. I think that there has been probably some progress since we looked at that, but the key issue there is that system is a TDY system, which is temporary duty versus temporary change of station for reservists. It is a little bit different thing. Putting a voucher package together here in an automated manner would be much different than TDY. So the DIMHRS System is supposed to automate the various orders involved in completing a voucher package. We believe that is going to take some time to do.

Mr. PLATTS. The progress we have made is good, and if I can maybe re-summarize your statement, as we concluded before the recess, is critical because of your belief that we are going to continue to rely on this labor-intensive system for a long time to come,

based on your assessment of where the Defense Travel System is and the likelihood of that being online.

Mr. KUTZ. That is correct. Again, we look at a lot of systems at DOD and we have done a lot of work for your subcommittee on that, and I think we have some reports coming up for you. The real history of the systems at DOD is that there is no system that has ever come online on schedule within performance parameters and within cost parameters.

So until they start showing that they can field these systems within cost, schedule and performance parameters, we believe that they are going to have to continue to deal with the current systems and make sure they have contingency plans in place to work around the current processes.

So again, I think that is something the proof will be in when we see tangible evidence that these things are being dealt with from a system perspective.

Mr. PLATTS. Mr Shine, maybe we will start with you on the recommendations were made and where you believe you are on those recommendations, and your assessment of what further work you have to do based on what came out of the recommendations from GAO.

Mr SHINE. Yes, sir. As Mr. Kutz indicated, when you look at this from the people, processes and systems perspective, the Army has part of this as it relates to their mission to publish orders and to determine the statements of non-availability which in many cases drives the entitlement that we work on.

What the GAO specifically addressed to the DFAS operation was, one, the relation to the amount of time it was taking us to process the vouchers. I think I indicated that we have worked on that and we feel that we have had that under control for a significant amount of time now.

Mr. PLATTS. And that is down to the 8 days.

Mr. SHINE. Yes, sir.

Mr. PLATTS. Once you get it and process it, it is an 8-day turnaround.

Mr. SHINE. In what we call a ready-to-pay voucher. All we mean by that is that all the necessary itineraries are completed, all the normal justification documents are in fact included and the voucher is a completed package and we are now able to do that within 8 business days.

The other issue that the General Accountability Office identified for us was the issue with interest. I just wanted to clarify for that. We already knew that this was an issue that was in the law, but anytime we did what we called a final settlement voucher, we were already identifying and paying the interest. Where we were not doing this, there was a situation where individuals that are mobilized in the United States, where they are actually getting what we call accrual payments every 30 days, we did not understand. We did not interpret the law, and when the GAO brought that to our attention, we recognized that needed to be done.

So not only are we doing that now, but we are also committed to going back as the GAO asked us to do and take a look to see all the people who had gone since the mobilization started back, going back to the September 11 timeframe. We are committed to

going back and looking at all those vouchers to determine if there in fact were periods or instances when mobilized soldiers should have received interest payments and did not.

By and large, these are not large payments. I just want to make sure that I am clear. The average interest payment that we are paying today is about $8. So it is not a lot of money, but it was something that we had a different interpretation of. Once the GAO identified it, we did not wait for their draft report. We went ahead and changed that on the spot. So from that standpoint and working with the Army to bring on sufficient assets to get the turnaround time under control, we feel like we are doing fairly well.

The other issue that is in our lane has to do with customer service. This is really getting at what happens when people call in or tell us that they have a problem. There were problems when the GAO did their initial report that related to backlogs, the volume of calls that actually exceeded our capability to answer. We have taken several positive steps to address that. If you would like me to, I can go through them in detail, but I would like to let you know that we feel our customer service now is much, much improved from what it was at the time the GAO did the report.

Mr. PLATTS. One specific question on that customer service side is I guess initially, according to the GAO report, when you set up an 800 number and were fielding I think it was 15,000 calls per month, I believe, if that is correct.

Mr. SHINE. That is correct.

Mr. PLATTS. But it appears that you were not gleaning from those calls, using metrics to identify what were the underlying problems to go out and try to fix them out front so you would reduce the number of calls in the first place. Is that something you are doing now, that you are better reviewing the substance of those calls? I acknowledge and it is a good step that you are being responsive, but are you learning from that response?

Mr. SHINE. The answer is yes on a couple of fronts that I would just like to mention. First of all, we recognize that a large number of the calls we were getting were simply people trying to find out if we had gotten their voucher or not. One of the things that GAO pointed out to us was that we were not logging in every voucher that we received. So once we start logging in, it is an automated process that feeds an email directly to the soldiers, what is called AKO, or Army Knowledge Online email account. It tells the that their voucher has been received, and they get a similar email when we have computed the voucher because we are now following that log-in process. So we have seen the number of calls, first of all, cut in half from what the GAO originally saw.

We also have a system called an automated call distribution system we have in place that has up front, while some people find it to be somewhat irritating to go through what we call an interactive voice response, where you press one for this, press two for that, press three for this, remember that the customers we are taking care of in many cases are located around the world. Their duty hours are much different than ours. So while in many cases people just want to get information about the status of their travel voucher, having an interactive voice response system like that we have found to be very, very helpful.

As a result of that, we have been able to identify when those calls come in like that either on the interactive voice response system or if they actually talk to a human being, we are now able to do what we call data mining. We are actually able to go back and look at what trends we are seeing and that allows us to be able to provide that to the weekly information that we provide to the Army to also help as the Army is going out, and with the Army Guard to work directly with the units on problems that we are seeing out there. But it also tells us if we are having a problem inside of DFAS so we can fix that as well. I think we have taken positive action on both of those venues.

Mr. PLATTS. You mentioned, I think you said that 8 days is ready to pay vouchers. Is that the correct term?

Mr. SHINE. That is the correct term.

Mr. PLATTS. Everything is in order, but one of the problems that was identified are the hoops that a soldier is having to go through and the voucher comes in and it maybe had three problems with it, but only one was identified. It was sent back, you are missing something, it comes back, oh, you forgot to sign it, it goes back.

It is my understanding you have set up in essence I will call it an ombudsman office so that instead of sending them back and forth, you have someone who takes that and works the problem on an individual case. Can you expand on that?

Mr. SHINE. Sir, I can. That ombudsman program came into effect as a result of both your subcommittee and the larger House Government Reform Committee requesting that both the Guard and the Reserve establish such an ombudsman program for pay. Once it was already in place, it was the perfect vehicle to take care of these travel-related issues as well. While you may not be aware of it, sir, where we actually conduct all these travel processes that I am referring to, what we call contingency travel operations, is in Indianapolis.

The Army National Guard has a pay liaison office also located in Indianapolis, which is the source of their ombudsman program. So what we are able to do, sir, is as these issues come up, we now take them directly to the Army National Guard office. I would be happy to let Mr. Argodale talk about what happens from that point on, but we found that to be a very, very responsive process. As a result, we have seen much quicker turnaround and in many cases we do not even have to return the voucher to the soldier at all. The Army National Guard Ombudsman Office is able to fix the problem and we can take care of it within 24 hours.

Mr. PLATTS. On the automated systems, sometimes they are frustrating. I have a bank that if I want to check something I can do that automated system. The fact that with my hours, when I get to call the bank is about midnight. There is usually no one there answering the phone, but I can get my automated system. That use of business practices, which is something I know you are really looking at doing, and I think, Mr. Secretary, maybe you talked about it in your testimony of using some business practices to kind of modernize your processing, is great to hear in trying to address what was a fairly abysmal situation in the past that is still a challenge, but at least heading in the right direction from what you

have to work with. I want to get into the computer issue, which is a long-term issue, but in trying to address.

I do want to ask at least a couple of specifics on a couple of the cases. One actually Mr. Kutz referenced in an example. I think you said it was a Maryland Guard unit that was authorized for reimbursement and paid, and then subsequently the authorization as taken back.

Mr. KUTZ. That was actually a Georgia unit.

Mr. PLATTS. Georgia. Did I understand you correctly in saying that in that instance, the soldiers were deployed and while they were deployed debt collection proceedings were begun?

Mr. KUTZ. That is correct.

Mr. PLATTS. Were they deployed overseas?

Mr. KUTZ. Iraq, yes.

Mr. PLATTS. To Iraq.

Mr. KUTZ. Yes.

Mr. PLATTS. That seems an example of a pretty poor approach. How often has that happened and are we working to ensure it never happens again, because of the improvements you have made? That is something that if a soldier is paid and you are deployed, I think it is a fair assumption for a soldier to make on being paid appropriately. Their concern should be fighting the war, not getting paid. That is back here.

I understand errors are going to happen in that pay, but the fact that we then compounded the error by actually beginning debt collection against soldiers who were deployed in Iraq. Can we expand on that? I am not sure who is going to best be able to respond, Mr. Shine, if that is you or the Secretary, who would best be able to address that specific case?

Mr. ARGODALE. Sir, I am not familiar with the specific entitlements that may have resulted in an overpayment and a collection action, but I can tell you that we have been very proactive with respect to training soldiers and educating them on what the entitlements are and the proper methods for filing a travel claim and the things that they can expect to be reimbursed for.

One of the major issues that we corrected with respect to the findings in the GAO audit is the issue of meals, and whether meals are reimbursable or the soldier has to pay out-of-pocket. All of the mobilization orders now have a statement that clearly states that meals will be provided at no cost to the soldier. In situations where soldiers are not housed in a government facility on-post, and they are off-post somewhere, meals that are consumed during non-duty hours are reimbursed.

We also tell soldiers that they need to have a statement of non-availability in order to be entitled to certain types of reimbursements. So we think that an up-front kind of an education process is the best remedy to ensure that soldiers understand what they are entitled to and what they are going to be reimbursed.

Mr. PLATTS. I agree. I think the steps that you are taking, such as making it clear on those papers that reimbursement, those meals being provided, those are all very important steps. Somehow, though, in at least this case reference, and I am not sure how common this is, and that is why I asked the question. I hope it is not. Something was filed and reviewed and authorized, acted on and

paid, and then there is either, correctly or incorrectly, a rescission of that authorization that resulted in an effort to recoup the money. Even if it was an accurate rescission, the fact that we would begin debt collection while soldiers were deployed is to me unacceptable.

Who would actually have begun that debt collection? I am not sure what office. Would that be DFAS?

Mr. SHINE. Sir, what happened in this particular case, and it was somewhat unusual because the individuals, as Mr. Kutz indicated, were from Georgia and at the time they were actually activated to go to Fort McPherson, GA. What ended up happening was there are certain restrictions in the joint travel regulations that preclude an individual from drawing temporary duty allowances when they are actually able to live at home. In this particular case, each installation has to make a determination installation-by-installation, by the installation commander as to what the commuting distance is going to be considered whether or not you are entitled.

What happened, sir, was we were paying these people full per diem allowances. There was a decision made subsequently by the installation commander at Fort McPherson that individuals in certain counties were considered to be within the local commuting distance and therefore not eligible, and therefore these payments that had been made were then determined to be improper payments and therefore they were collected.

I fully appreciate what you are saying about the fact that when people are going into harm's way and these collections are being made, but it was a normal administrative process that was just, if you will, going through. Once the individuals were identified, we then processed the collection actions. That is actually how it happened, sir.

Mr. PLATTS. Are there any safeguards in place today, one, to have that administrative decision that this is a commute, so reimbursement, there is no eligibility here, up front, so that we are not repeating that type of problem? Because it sounds like it is still a local installation decision, but how are we ensuring that decision is made up front by that installation commander and not after the fact to avoid this. And also, what is still the position today if there is an overpayment as far as debt collection, if it is a soldier deployed? Because it seems to me that an effort to identify and work with the soldier, but it seems that we were kind of like, well, whether you bore responsibility for the error or not, it is your responsibility and we are coming after you, is how it sounds. If I am wrong, I am glad to be corrected.

Mr. Wallace.

Mr. WALLACE. Yes, sir. From a policy position, in direct response to this particular case, we have gone back out in our policy guidance to all installations and all units to reiterate what the joint travel regulation says and what the law says, and to provide them with vignettes that would allow them to differentiate when this person should be reimbursed and should not.

Mr. PLATTS. So you have taken a proactive education approach, and that includes, too, installation commanders?

Mr. WALLACE. It goes to every unit and every organization in the U.S. Army.

Mr. PLATTS. I think what is good that it has come out of the GAO report is that they have identified issues, examples like this, that I appreciate that you are seeking to respond to these cases and learn from them and try to guard against a repeat of that type of problem. To me, when I read the report and the testimony it is that on the one hand I am displeased because of what we put our soldiers through, but I am also encouraged by the efforts to correct the wrongs of the past to make sure we do not repeat them in the future. That is where I hope as a result of this hearing, we can help continue to push in that right direction.

So I have more questions, but I want to yield to the ranking member, Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Let me ask you, Mr. Shine, is DFAS' problem human capital or is it technology barriers?

Mr. SHINE. Sir, I would answer that we are probably a little bit of both. We actually operate a semi-automated system that we use today. The reason I call it semi-automated is because it requires paper to come in and then we inter-date it into a system that automates the computation of what the travel reimbursements are. So we are in fact involved with that process and that is in fact the payment system that is used today to pay the individuals that we are describing, not only for the mobilized Guard and Reserve, but also it is what is paying the active duty for regular temporary duty travel as well.

The issue that DFAS had in terms of human capital, sir, I would say really was one that occurred in approximately May 2003, when we saw a huge surge that overwhelmed our capability for on-staff personnel. We knew that this was directly related to the global war on terror. We anticipated that this would not be something that would continue ad infinitum. So rather than going out and hiring full-time permanent Civil Service employees, we worked with the Army.

The Army gave us money to hire contract personnel because we viewed this as a short-term mission. The Army also was very, very helpful in actually going out and getting Reserve and Guard units whose primary mission is to do finance, who actually came on board for their active duty mobilization, came to DFAS and actually sat and computed vouchers to help out with this process. The Guard and Reserve were only there for 1 year, but the good news is that with the continued support of the Army by giving us the dollars that we need to maintain the human capital, we have now at DFAS the right number of people on board, we think, to take care of the vouchers that are coming in such as we can maintain the 8-day turnaround time.

Mr. TOWNS. So you really feel that as we move forward there will be less chances of these kind of occurrences where people will not get paid or will not be able to travel, will have to wait for reimbursement? You really feel that based on what is in place now that a lot of this will just disappear?

Mr. SHINE. Sir, the other dimension of the human capital issue has to do with the individuals that are actually completing the vouchers and their chain of command who are reviewing those vouchers. I would really prefer, if I could, to defer that question to

the Army under their domain, because there is a human capital issue there on whether or not the voucher we get is in a status that can be computed or not.

Mr. TOWNS. Right. Let me ask you then, Mr. Argodale, are the policies clear? Should they be revised to be able to give the kind of instructions that need to be put forth in order to eliminate some of the things that are going on? It seems to me that there is a lot of stuff here that is a little fuzzy.

Mr. ARGODALE. Sir, I would agree with you. As a traveler myself and a person involved in the finance and accounting business in the Army, I can tell you as both a traveler and a finance person, that the rules are fuzzy and there is some confusion. It is compounded by the fact that the preponderance of the soldiers who are involved in the case studies are not what you would call professional travelers. They travel very infrequently and their understanding of filing the claims, filling out the forms is very limited.

What we have done to correct that is undertaken a massive education and training program to enlighten these folks with respect to how to fill out the vouchers. We train their commanders in what to look for in terms of how to properly compile and complete and submit a travel claim. We explain to them what the entitlements are and what they can expect to be reimbursed for. We have corrected problems associated with mobilization orders to clarify meals and lodgings will not be charged to the soldier, they will be provided at no cost to the soldier.

We review on a weekly basis metrics that DFAS provides that identify the common types of mistakes that are seen in travel claims that cannot be computed. We work with DFAS and with the Guard and the Reserve components to improve the training materials, to incorporate the mistakes we see in the actual travel claims that are filed.

So Mr. Shine is correct. On the one aspect of it, the human capital, pertains to the folks available to actually process the claims, and then on the other side there is a human capital dimension with respect to the traveler actually filing the claim. During the period of the study, we were not doing a real good job, frankly, in educating people on how to file a claim and what they could expect to be reimbursed for.

Mr. TOWNS. Right. Mr. Wallace, what effects have the reimbursement problems, have you identified that, I guess I am more concerned about the morale and of course the family circumstances. I can see all kinds of things happening here as a result of this. I can see the morale being low. I can see family situations in terms of that can treat problems in terms of the family itself. Domestic problems I am talking about. What have you seen in this area, or am I overreaching?

Mr. WALLACE. Yes, sir. What I can tell you from the Army G–1 who compiles all of the recruiting and retention stats, I can tell you that all three components of the Army are meeting their retention goals. What that tells me as a former colonel in the U.S. Army myself and a commander once upon a time, is that the people that are with us now are staying to the appropriate levels that we need to man the all-volunteer force.

What we are seeing on the other hand, though, with recruiting is that we are seeing a fall-off of our ability to gain the numbers that we need. Part of that deals with the time of the year that we are in now, and I am sure part of it deals with the things that you mentioned. But as far as the people that are in, and I know the National Guard has hit its marks every month this year for retention. So that tells me that the people are staying with us.

Mr. TOWNS. I see the red light is on, Mr. Chairman. I yield back. We will have another round?

Mr. PLATTS. Yes, sure. Thank you, Mr. Towns.

Mr. TOWNS. OK. Thank you.

Mr. PLATTS. A followup on the Georgia Guard case, and again from what we learned. I think that is one of the important aspects of our past interactions and again this hearing today is learning from the actions of the past and how to improve them in the future.

The case where the per diems were paid and then as final settlements were made, the installation has decided, I guess it was a 50-mile distance for being eligible. Was there any individual treatment of those cases? What I mean by that is were some soldiers, and I do not know the specifics of these cases, but they might have decided, well, 50 miles, I can drive that. I commute 96 miles each day for session each way.

But if I am being reimbursed and I am eligible, I am going to take a hotel at least Monday, Tuesday, Wednesday, Thursday for the days during the week, depending on what the schedule is, and they actually did have out-of-pocket expenses under the belief that they were eligible. Was there any examination of the individual soldiers? Or was it the policy as of when we finally settled it was 50 miles or not, and no accounting for those who maybe actually had out-of-pocket expenses for lodging or meals in good faith, under the belief that they were eligible?

Mr. SHINE. Sir, I believe that there are portions of your questions that I do not know, but there are some portions that I think I can address.

Mr. PLATTS. OK.

Mr. SHINE. First of all, the 50-mile rule, while that is commonly used, in vogue commonly throughout the Department of Defense, is actually not the proper regulatory reference. In this case, that is not what was applied. It was actually a county-by-county determination that was made by the installation commander. But nonetheless, you have a situation where on the county line, you could have an individual living on one side of the road who was considered within the commuting distance, a person across the street that was out.

What we did find, sir, was even in those cases where individuals were determined after the installation commander made the decision to be within that normal commuting distance, there were times when based on their duties they were considered to be called what is known as "essential" personnel, which meant that they had to remain at Fort McPherson for a longer period of duty. In many cases, they had to spend the night there. In those cases when they were required for their duty to be present and not to be able to go

back to their normal home of residence, then those per diem entitlements were allowed to be paid.

But in terms of your larger issue about how it was dealt with individually for each member of that unit, I am sorry, sir, I do not know, but I will be happy to research that and give you a more complete answer.

Mr. PLATTS. I think it is something worth looking into to learn from the past because, and it has been too many years since I was in law school and practiced law, but the principle of estoppel I think is maybe what I am thinking of here, where you in good faith relied on what you were told and to now be punished for complying with what you were told up front, and retroactively be harmed, that if they in good faith relied on it and had actual out-of-pocket expenses, so that we are not talking about a windfall here, that there is a good case to be made that they should be able to account for them.

How they would retroactively account for them if they were not being required to up front is another issue, but I think it is something worth looking at. It really goes to that issue of the ombudsman where you individualize these cases because there are going to be extenuating circumstances as in this case, where you found those where they were essential, that is an extenuating circumstance if they are required, but maybe they were not required, but hey, I am going to be reimbursed. Instead of driving home tonight, I am going to stay, thinking I am not going to have out-of-pocket.

So I do appreciate your looking at that and giving us a general response if you would.

Mr. SHINE. Sir, I would be happy to do that and provide you with a more detailed response. I would also like to let you know that what you refer to as estoppel, in the Department of Defense we actually have a waiver and remission process. So it is possible for an individual to submit a waiver and the circumstances that you describe, which is that I relied on what I thought was to be solid information from a government official, and if in fact individuals can produce receipts that they actually incurred expenses relying on that information, that has been the grounds in the past for us to consider and approve a waiver process.

Mr. PLATTS. In that sense, then, an individual appeal ability?

Mr. SHINE. That is exactly what it is, sir.

Mr. PLATTS. OK. That is good to hear, because if there was not actual out-of-pocket expenses thought to be reimbursable, and we do not want a windfall, I understand that, that we do not have that windfall. Even in that instance, though, the fact that in the end we suspended the efforts to have collection until the soldiers returned, that would kind of be a general practice that we try to put in place. I will tell you, I will be visiting troops probably in the next week-and-a-half or so overseas, including Iraq, I believe, as the schedule is planned, but the one thing I hear, whether I have been with troops in Iraq, whether I have been in Afghanistan or Bosnia, is the most common request I have heard from troops is just do right by my family back home so I do not have to worry about bills and my family, and I can just do my job out here on the front.

I appreciate your looking at it further because if we have guys on the front lines and they have a debt collection and maybe it was a windfall, and now we are going to necessarily collect it, but they have already spent it because they did not know it was a windfall. That creates some financial hardships, that we go out of our way to account for that. And it sounds like there is an effort to do that and that you are learning from these actions of the past. So I appreciate your doing that.

So I do not forget from a procedural standpoint we do have a written statement from our full committee Chair, Chairman Davis, that we will submit without objection for the record in today's hearing.

We have maybe another 15 minutes or so. We have those floor votes done, but I have another markup going on in the Education Committee that has votes coming up here as well.

Mr. Wallace, I want to touch on the place, when I looked at the numbers and the spike that occurred in 2003, I guess, and where Mr. Shine and your staff, you got overwhelmed with the number of cases you were being asked to handle. There cannot be an exactness, I guess, to what those numbers were going to be, but there certainly should have been some lead-time of here is how many troops we are planning on mobilizing, Guard troops.

How would that process work through the chain of command and communication to DFAS to say, 3 months from now we are going to have this huge number being called up, and so you had better be ready with staff because you are going to get inundated subsequent to that mobilization. How did that happen then and how is it happening different today so that we are better communicating? I think that would be something more of a policy that you would be looking at.

Mr. WALLACE. Sir, actually a tad out of the G–1's lane and really a G–3 question, who is responsible for the mobilization of the Army of all components, and tasking through the force providers, those organizations that will meet the requirements from General Abizaid and the combatant commanders.

Your question is good, though, should we have known that we were going to demobilize or we were going to fill vouchers and field that many vouchers at one time is a very good question. From the Army's standpoint, we probably should have been able to foresee that.

Mr. PLATTS. That is what jumped out to me is that it at some point should not have been a surprise of how many troops were mobilizing and then from then forward the number that were going to be demobilized and the new mobilizations, and it is an ongoing process. I mean, as we speak that process continues.

Mr. WALLACE. One of the things that we have instituted as we have gone along is a Saturday video-teleconference with the people in-country, dealing with them. Mr. Argodale's organization has a representative that attends that every week where we talk about mobilization issues and we talk about demobilization issues. We run through all of the numbers and the different organizations by unit of who is being mobilized and who is being demobilized, and the issues that we are seeing while we are going through that. I

would see that as a conduit for sharing information that could help us prevent this in the future.

Mr. PLATTS. Again, my hope is that we are learning from the past. I would imagine, Mr. Shine, you and your staff got a little overwhelmed as the numbers of vouchers started rolling in, compounded by the system that was in place that as they were sent back for corrections and came back a second time or a third time. The analogy I would make, we see that right now with immigration services where because they are not able to timely process the applicants for visas and things, they are giving temporary extensions which take more manpower, which then just compounds the casework for the same amount of staff, and it is just a snowball getting bigger and bigger.

Are you comfortable from a manpower standpoint of where you are today and the infrastructure changes in the communications, that you are positioned to, under the system you have, to deal with the volume of mobilizations and demobilizations that you are dealing with?

Mr. SHINE. Sir, I would say as a general rule the answer is yes. The Army, I think, as Mr. Wallace indicated with the Army operations under the G–3, is trying to do the best they can to get word out to not only the financial community, but all the other support communities, medical, legal, that are affected by mobilizations and demobilizations.

Where we actually have to get involved with a little bit more intelligence is the fact that if an individual is going to be mobilized and sent to either Afghanistan or Iraq, in all likelihood, sir, they are not going to file a voucher until the completion of their mobilization tour, so in the final account process, that is one.

If in fact they get deployed to the United States, and that is they actually come on an active-duty tour, but stay in the United States, in many cases they are staying in a place where they are going to be incurring expenses and they are going to have to be reimbursed every 30 days so they can pay their credit card. That same individual only counts one for mobilization purposes, but now from my standpoint, I am looking at paying them 12 times.

Mr. PLATTS. Twelve times, right.

Mr. SHINE. And so that has to be factored into the overall equation. But sir, I would just say that while it was a huge spike and I think that we could probably take a hit for not being more attentive to it, I think that with the work we have done in partnership with the Army over the last 18 months, to give us advance information not only for travel, but remember that when we were here briefing you in July on the pay issues for the U.S. Army Reserve, we now have put into place specific provisions where we get advance notification on units that are mobilizing and demobilizing, so we can check to make sure that all their active duty pay entitlements are started when they should start, and that they are terminated when they leave active duty. So all we are doing is taking that same information and using it to predict travel reimbursements as well.

Mr. PLATTS. And that proactive approach is so important here.

Mr. SHINE. It is working very well.

Mr. PLATTS. Good to hear.

Mr. Towns, did you have other questions?

Mr. TOWNS. Yes, I do.

Mr. PLATTS. OK. Mr. Towns.

Mr. TOWNS. Mr. Kutz, in your testimony, you state that DFAS has added over 200 additional staff to assist with the increasing paperwork and voucher activity facing the agency. One concern I have is that adding people who may not be well trained might not be the solution to the problem. It might even further exacerbate the problem. With that said, what have you been able to identify, any training or development efficiencies among the newly added staff?

Mr. KUTZ. I think, and Mr. Shine could probably add to this, that initially when they had to hire several hundred people in a very short period of time, that was a major challenge for them. I think as time has passed, they have been able to train some of those folks and get them up to speed. It is a very complicated system, actually, to understand all of the entitlements and the various orders and the types of paper that come in. Again, one of the symptoms of having a very paper-intensive process is when you have a volume increase which was like 3,000 vouchers a month up to 50,000 vouchers a month, the system can come crashing in and you just have mounds of paper to deal with and that requires significant numbers of people. But I believe that initially they had training issues, but they have worked hard to address those.

Mr. TOWNS. Is anybody anywhere working to simplify this? I just have problems with the fact that somewhere along the line that we cannot simplify it. There are all these, again, these different gray areas. It seems to me that some way or another we should just make it clear as to what is and what is not. I mean, is anybody looking at this in a very serious way?

Mr. ARGODALE. Sir, I will——

Mr. TOWNS. I served in the military, too, incidentally. Go ahead.

Mr. ARGODALE. Several years ago, the Department undertook an effort to simplify travel. This was kind of the precursor to implementing the Defense Travel System. A couple of things that we did was eliminate the need for receipts for certain types of claims. We eliminated the payment on a pro-rated basis based on the time of departure and the time of return. In the immediate case, we clearly now stayed on mobilization orders that soldiers are entitled to, meals and lodging at no cost or they are entitled to reimbursement for meals consumed when they are not in government lodging. So those kinds of things have helped to simplify the process.

I agree with you, sir, it is a very paper-intensive and a very confusing process. It is particularly difficult for folks that are navigating it for the first time. There are a lot of errors that can happen. But the education programs, the training that we provide, in fact, the Guard provides as part of the training package a template of how to file the claim, what can be expected to be reimbursed, and they even provide an envelope that is addressed that the soldier can put the claim in and mail the claim to Indianapolis to be computed and paid.

And then the ombudsman cell, which as Mr. Shine mentioned, is co-located with the entitlement folks working for him at DFAS, is there as kind of a backstop, a quality control kind of a mechanism

to work in conjunction with the DFAS entitlement staff to ensure that the paperwork is properly assembled and prepared, and to work with the soldiers to help them understand when there is an incomplete claim that additional information needs to be provided so that we do not create, as the GAO called it, this business of churning and rejecting the same claim back to the same soldier multiple times.

Mr. TOWNS. Let me ask another question. Based on the problem here, I can see a lot of soldiers having problems with their credit. What is being done about that, because I just got my credit report the other day. I know in terms of how important that is. So what is being done about that?

Mr. SHINE. Sir, let me try to address that if I could. What I would like to do is reference you back to this huge spike that I was talking about, where we in the Department knew that we were not going to be able to have, we had so many vouchers on hand and we had not yet gotten our full staff on board. Most of these individuals incur their expenses through the government travel card which is currently being done through Bank of America. We contacted Bank of America. We explained the problem to them. We asked them directly, would they be willing to forego and suspend collection action for up to 90 days and they said absolutely yes. We estimated we could get out of the predicament we were in within 90 days and as a matter of fact, we were.

So the bank cooperated in that case. That obviously was what I would call sort of an extreme case where we went to the bank for the entire Department of Defense. Now, we have individual situations, as the GAO has described, where while we are confident we can process a voucher in 8 days, if in fact the voucher comes in without complete documentation, we have to send it back, or if for some reason the traveler upon completing the travel delays in submitting the voucher, there are possibilities that we could now be going beyond 30 days when that individual's bank statement is going to be due.

There is a provision for individuals who have not yet been reimbursed by the Department to notify the Bank of America and to suspend the fact that payment is due and they are willing to do that for a period of time. Then what we would like to have happen in that case is either directly to DFAS or through the ombudsman program that we just described, for that to be elevated for the individual traveler so that we are aware that this individual now has a problem that could impact on their credit, so that once we get the voucher ready to pay, we can move that to the front of the line so that we can prevent those very kind of situations from occurring.

Mr. TOWNS. OK.

Mr. Chairman, I yield back. Thank you.

Mr. PLATTS. Thank you, Mr. Towns.

That type of coordination is exactly what we are after, an acknowledgment of the challenges of what happens with DFAS and the system that impacts the soldiers and their families, and we are trying to address that in a proactive way.

I think I have 8 to 10 minutes before I have to run off with these votes. I want to get into the defense travel system. A couple of things concern me here are long term, that seems to be the solution

to get away from this labor-intensive process and a more efficient technology-driven, and will allow for a much more seamless process here. The picture, though, on that side does not look real promising. My understanding from the report is that as of the end of 2003 we spent $288 million already, with the estimate of needing another $251 million to try to complete it by 2006. But even if we do complete it, it is not going to be able to truly account for all of the processes that you are responsible for as it is currently structured.

So I guess I would open it up to all four of you, if you can comment on your understanding of where we are with the DTS and once we complete it, where we will be as far as truly solving these problems. I will add in the other thing that jumps out to me is that if I understand the way the system is intended to operate, because of the issue of DTS and the issue of TDY payments versus actual mobilization, that you are going to be relying on this new DIMHR System to transmit information to DTS to then act on. And that we really do not know when that is going to be up and running to have the information available to transfer.

So it is a big issue and a lot of different aspects to it, if each of you would want to comment on your perspective.

Mr. SHINE. Would you like me to go first?

Mr. PLATTS. That would be great. Thank you.

Mr. SHINE. DTS as you have indicated is in fact in operation today. It is in operation at over, I believe, 4,000 sites and the current deployment plan is to have DTS fully fielded to all of the Department sites by the end of fiscal year 2006.

Mr. PLATTS. And that still holds today? That is the schedule that we believe we are on?

Mr. SHINE. Yes, sir.

Mr. PLATTS. OK.

Mr. SHINE. But your question actually identified that while that might be fielded to everybody in the Department of Defense, the reality is today that the DTS is limited in everything it is able to do. I actually agree with Mr. Kutz's statement that we are going to be processing in this semi-automated paper-based mode for definitely a period to come. It is hard for me to give a specific date on it, but I agree with his contention that is going to continue to exist.

There are releases that are planned over the next several years from the DTS program management office that will incrementally address these issues. So that right now, it is primarily doing what we would call routine temporary duty, and the type of mobilization temporary travel that we are talking about is not in that category. There is a process moving toward doing exactly that and the DTS PM's office is working with each of the military departments and the specific issues, sir, you referenced to DIMHRS, which is the migratory military pay system, is because that is both pay and personnel. So it will have the capability to produce military orders. It is working right now with each of the military departments, the Navy, the Air Force, the Army and the Marine Corps, because each of them have their own unique order-issuing capabilities today, and trying to standardize that process is why this is an iterative process.

If you would like specifics on exactly which future releases are going to contain which additional functionality, sir, I would be

happy to take that question and provide it for the record. I just do not have it right now at the tip of my fingers.

Mr. PLATTS. OK.

Mr. ARGODALE. Sir, in the Army we have DTS currently deployed at 34 major posts, camps and stations. The functionality in DTS does not support the requirements of the Reserve components. Based on my understanding of the scheduled deployment release, functionality will be provided sometime in 2006.

I currently use DTS myself and I am the typical business-type of traveler. I can tell you from experience, sir, that it is a cumbersome system to initially become accustomed to, but once you have done a couple of trips inside of DTS, you sort of get the hang of it and then it becomes a routine type of a process.

It is very efficient. It tells you as a traveler what you are entitled to before you leave, and it is very clear with respect to each day giving you an itinerary and what you can expect to be reimbursed in terms of meals, lodging, that type of information. And then on the return trip when you actually file the claim, it tells you how much you will be reimbursed. It shows how much should be split paid to your credit card account, so that you do not have to write a paper check to make the credit card payment, and then how much will be reimbursed back to you for things that you did not charge on your credit card.

Then typically you are reimbursed within 24 to 48 hours after the claim has been certified by the certifying officer and submitted for final computation of payment. So it does do very efficiently what it is designed to do currently, and as a customer of DTS, the Army is looking forward to the functionality being added for the Guard and Reserve some time in 2006, so that we can bring the Reserve components on board.

Mr. PLATTS. One of the statements you made concerns me in the sense of that initial understanding of the system and that cumbersome, because your typical traveler maybe under DTS now, I would imagine not in comparison to a Guard or Reservist, is not going to be regularly using it, but be using it and may be not using it for 6 months, or using it and be deployed for a year. It is going to be different than a weekly or monthly basis.

Is there a plan in the Guard and Reserve for an intense education component for those who are going to be using to try to overcome the cumbersomeness of the system?

Mr. ARGODALE. When we deploy DTS to a post, camp or station, we have a very regimented deployment process that includes business process changing. We look at the current way business is done and then we look at how business processes need to be changed around DTS. We also provide significant training for the users, both the approving officials and the travelers. We leave onsite a help desk person. I think currently we have about 50 or so full-time help desk people supporting the 32 sites that we have currently deployed. We are looking at ratcheting that up as we continue to deploy.

But sir, I agree with you that this is going to be a challenge for the infrequent traveler, not only in terms of training, but the recurring refresher-type training that they are going to need.

Mr. PLATTS. The analogy would be in my office, we have a great case management system that my staff, you know, they can get on there and pull up information. When I get on it and try to find a specific case, it takes me a long time because I do not use it every day like they do. That is my worry, is that we fine-tune it and that education, and learning from the challenges of those using it today and try to improve it for when we actually go to the Guard and Reserve.

I want to get Mr. Wallace and Mr. Kutz in here on this broad issue and how you want to comment on your perspective on DTS and how it will interact with DIMHRS.

Mr. WALLACE. Sir, I am kind of a customer of DTS from this side, but from the policy side some of the things that we are doing that will help set us up for DTS, for example, setting standard data elements for statements of non-availability and such, that are being proliferated throughout the Army will help us in the transition as we move toward DTS, as we start fielding it.

So from a policy standpoint, we are trying to standardize across not only the Army, but the services, with the different travel entitlements and such.

Mr. PLATTS. And those policy directives, are they shared in a way that those who are working the DTS system kind of incorporate those and ideally from a programming standpoint to have them, like now you stamp that order, that policy change where an order is changed as far as their entitled to reimbursement for food, no out-of-pocket expense for the food. That is something that goes on their order up front. Is that something that we translate to computer programming that it will know that? Is that something that we can hope to see?

Mr. WALLACE. Sir, I do not have any knowledge of an automation system that would be in the plans. We would have to take that for the record and come back to you.

Mr. PLATTS. OK.

Mr. Kutz.

Mr. KUTZ. I think it is important to give you a little bit of historical perspective here. DTS has been underway for about 8 years. It was initially intended to provide TDY travel services for the Department in 1999. So we are in 2005 right now, and we are still rolling it out. So with respect to automating and integrating the authorizations, which is the unique part of this for the Guard and Reserve soldiers, when we looked for information on that, it seemed to us that it was just barely on the drawing board, if you will. We did not see things like specific requirements, testing plans, pilot plans, schedules etc., to roll that out.

So I am very skeptical that DTS will be capable of providing the kinds of functionality necessary for mobilized Guard and Reserve soldiers anytime soon.

Mr. PLATTS. That is my worry, that we are going to have spent $500-plus million and get to 2006 and find that, well, it was well-intended, but it is not really doing what we wanted to alleviate, that heavy manpower and the labor-intensive, and we are going to be starting over and be 11 years after when it was first envisioned as a solution, and be $500 million down and not have the long-term benefits that those dollars were intended for.

So my hope on that is, as the coordination and dialog has occurred on the pay issues and now on travel issues, we clearly have made some important improvements and significant improvements for the good of those men and women in uniform and how we are reimbursing them. That has come about through extensive, I think, interactions between GAO, the Department, DFAS, all working hand in hand, is that we continue that very proactive approach and take the good that has occurred and build on it so that at the end of the day in 2005 and 2006 and beyond, that, you know, the types of cases that were found in the case studies are truly the exception and never again the norm. I think we have the chance to do that if we remain diligent in our efforts.

Mr. Towns, did you have any other questions or comments?

Mr. TOWNS. Just a general question. Is there anything that we can do to assist this process as members of the U.S. Congress? Is there anything we can do?

Mr. ARGODALE. Sir, I think what you are doing right now in terms of holding this hearing, the hearings on the pay, the quarterly updates to the staff, the collaboration with the committee staff and the GAO, those things need to continue to shed the proper light and perspective on the issues.

I think in addition to some of the issues that have been brought up in the GAO reviews and audits with respect to pay and travel, we also may want to take a look at where we are with some of these automated solutions in terms of DTS and DIMHRS to ensure that we are adding the proper functionality, that we are going to get the benefits that we need from the investments, and that the capabilities will be there to meet an Army that is an expeditionary joint type of Army as opposed to an Army in a garrison.

So I think we need to look at those types of things and continue to quarterly updates, the hearings and keep the focus and the interest on these types of issues. Because as Secretary Harvey has said, he expects perfection when it comes to paying soldiers. As I talk to soldiers and their commanders, they really only want two things when it comes to pay. They want to be paid the right amount and be paid on time. It is very important that this body, the Congress, and that my colleagues back at the Department, the GAO, we all keep that focus in mind, paying soldiers the correct amount and paying them on time.

Mr. TOWNS. Right.

Yes, sir?

Mr. KUTZ. Yes, I agree 100 percent. I think that you should not walk away after today and be done with this. I think that this is something that in a collaborative way working together, certainly we would be part of that, and the folks at the table, and this subcommittee and the full committee, because we all want the same thing. We want to see the soldiers taken care of. We want this to no longer be a real source of frustration for them and their families going forward. I think what you are doing today is the right thing.

Mr. TOWNS. Any other comments?

Mr. SHINE. Sir, I would just say that I think what the subcommittee and the full committee have done has put a laser focus on this issue. I think as a result we are now seeing better pay for

our service men and women, and that is really what it is all about. We thank you for your participation.

Mr. TOWNS. Thank you.

I yield back, Mr. Chairman. Thank you very much.

Mr. PLATTS. Thank you, Mr. Towns.

There are two ongoing, as the Secretary referenced, keeping kind of the focus here with GAO on DIMHRS, with the subcommittee review ongoing as well as on the business systems modernization project or program that we have asked, and GAO is working on, to continue the focus here, and on a broader sense with DIMHRS.

I apologize. I have votes in the Committee on Education I am going to run off to. I do want to say two things, one to our soldiers here, our men in uniform here past and present, Mr. Towns your past service. I have not worn the uniform.

Mr. TOWNS. Thank you. [Laughter.]

Mr. PLATTS. I say openly and regularly, I have not ever worn the uniform, and for those who are today and those who have in the past, I know but for your service, I would not be sitting here as a kid from York given the privilege to serve in national office. It is because of those who have worn the uniform in the past and those today that we are the Nation of opportunity that we are, and it has allowed me this opportunity to serve in a civilian capacity. I think that all of you have set the example for all of us fellow citizens in how we need to serve, whether that is as an elected official or just as citizens in our communities. I certainly will do my best to live up to the standard that each of you have set for us fellow citizens.

Specific to this issue, I want to thank each of you and your staffs because Mr. Shine your comment that a laser-focus, I think that is from everybody, is that you really have taken the challenges here and the issues that have come forward very seriously and as issues are brought to your attention, you and your staff have done your utmost to respond to them and to fix whatever the problem is and learn from the past and go forward. As you said, the bottom line is we all are seeking to work together, that when courageous fellow citizens are willing to go into harm's way for us, that we are doing right by them and their families.

We have made great strides in the right direction. We do have work to do and we will continue to look forward to partnering with each of you and your organizations in making sure we eventually get to that perfection that Secretary Harvey is demanding, and rightfully so.

Again, thanks for your testimony and your time today and your patience while we got our votes in over on the floor. We will keep the record open for 2 weeks for any additional information based on the questions or just from the comments, and again look forward to continuing our work with you.

This hearing stands adjourned.

[Whereupon, at 4:10 p.m. the subcommittee was adjourned, to reconvene at the call of the Chair.]

[The prepared statement of Hon. Edolphus Towns follows:]

Opening Statement of

Representative Ed Towns
Hearing on "Strengthening Travel Reimbursement Procedures for Army National Guard Soldiers"

Subcommittee on Government Management, Finance, and Accountability
U.S. House of Representatives
109th Congress

March 2, 2005 at 2:00 p.m.

Mr. Chairman, I thank you for holding this hearing on the issue of travel reimbursement for our Army National Guard soldiers. It is timely for our committee to examine this issue, as the number of soldiers experiencing financial burdens due to lax travel reimbursement policies continues to rise. Let me also thank our witnesses for their testimony, especially those of you who have ably served our nation with pride and distinction.

The issue of inadequate management at the Department of Defense is not foreign to our committee, as we have continually worked to improve the internal control structure and accounting problems demonstrated by the agency over the years. Like our previous work in examining the problems associated with the pay and benefit policies of our soldiers and reservists, we're now beginning to identify the extensive deficiencies in the travel reimbursement process for our Army Guardsmen. This comes at a critical time, as many of these men and women are being called in increasing numbers to serve our nation's interests abroad.

Since 2001, the Army Guard has been asked to do more for us than any other time in recent memory. According to GAO, there were more than 186,000 Army Guard soldiers mobilized from September 2001, through September 2004, accounting for approximately 40 percent of the 111,800 reservists mobilized during this time period. In my home state of New York alone, over 2,900 Army Guardsmen are presently mobilized and serving in various capacities.

The problems detailed in the report before us today are similar to previously defined deficiencies at DOD stemming from continued weakness in managerial controls, inefficient processes, and human capital constraints. Of the 10 Guard units examined by GAO, a majority of soldiers in each unit experienced problems relating to reimbursements for meal expenses, and specific cases experienced delays for authorized reimbursement in excess of a year.

Other soldiers cited inaccuracies or delays in the voucher authorization process, requiring many soldiers to shoulder the financial burden of deployment until such issues were resolved. Adding to their plight, many soldiers were denied interest and late fees on delinquent reimbursements as required under current law. I believe, Mr. Chairman, these practices will prove to be a long-term detriment to retention and recruiting efforts for the Army Guard if they are not swiftly remedied.

As I said before our committee last July, the issue before us is not relevant to our military's mission or overseas objectives. It is, however, relevant to whether the U.S. Government is keeping its word to the men and women who honorably serve our nation. Once again, I believe it's disingenuous for us to tell the American people that our armed services are well prepared when we cannot even guarantee that our soldiers will receive their pay and

benefits in a timely manner. It is difficult enough for the families of Guardsmen serving away without having to endure the undue economic hardship experienced by many individuals. Hopefully, our efforts today will be productive in finding solutions to such problems.

Again, I thank the witnesses for joining us today and look forward to hearing their views. With that, Mr. Chairman, I yield back.

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