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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



DEFENSE DIVISION

JUN 16 1971

B-125037

Dear Mr. Secretary:

In our letter of September 18, 1969, B-125037, we reported the results of a review of dependent travel claims paid by Army disbursing officers. In that letter we also advised you of our reviews in progress of military dependent travel claims in the other services and stated that we would advise you of any additional matters which we felt should be brought to your attention. This is a report on our review of Air Force military dependent travel claims. Our findings have been discussed with officials of the Air Force Accounting and Finance Center (AFAFC), Denver, Colorado.

We reviewed a random sample of 1,654 military dependent travel vouchers paid by Air Force accounting and finance officers during the period December 1967 through March 1968. On the basis of information shown on the vouchers and obtained from allotment records, household goods shipment records, and postal authorities, we identified 93 questionable cases, and referred them to the Air Force Office of Special Investigations (OSI) in July and August 1969 for further investigation.

The final report of the OSI investigations was furnished us by letter dated February 8, 1971. The investigations disclosed that in 24 of the cases, with payments totaling \$4,348, the travel of dependents was not performed as claimed or was not performed for the purpose of establishing a bona fide residence. One additional case for \$139 had been previously found to be erroneous by the Air Force. The average amount of the payments on these 25 claims was about \$179.

Information in the fiscal year 1969 Department of Defense military personnel hearings indicate that about 443,000 military dependent travel claims were paid by the Air Force during fiscal year 1968. Therefore, if the rate of occurrence disclosed by our review were to prevail throughout the 443,000 claims, we estimate approximately 6,700 improper claims involving about \$1.2 million were paid by the Air Force during fiscal year 1968.

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Our analysis of the 25 claims shows that they were improper because (1) the dependents did not perform any travel in connection with members' permanent change of station (PCS) orders, (2) the dependents were already residing at the destination address on the date the members' PCS orders were issued, (3) the dependents traveled, but not for the purpose of establishing a bona fide residence, or (4) the dependents traveled between points other than those claimed by the member.

In addition to the findings in our review, 33 cases totaling \$12,243, involving improper payments of military dependent travel, have been reported to us as irregularities by the AFAFC in accordance with 7 GAO 28.14, during the period January 1968 through February 1971. These cases were brought to the attention of the Air Force primarily on the basis of information furnished by informers and by wives or former wives requesting financial assistance or the location of the member.

In his reply dated November 19, 1969, to our letter of September 18, 1969, the Assistant Secretary of Defense (Comptroller) stated that consideration was being given to the addition of one item to the DD Form 1351-4 (Voucher or Claim for Dependent Travel and Dislocation or Trailer Allowance), to indicate whether or not the household goods had been shipped to the new address and to require an explanation in those cases where shipment did not take place. The Assistant Secretary also stated that the area of dependent travel would be included in audits conducted by the audit agencies of the military departments.

We have been informed that the DD Form 1351-4 has been revised to incorporate the household goods shipment information and should be available for use by the services in April 1971 after the supply of current forms has been exhausted.

Centrally directed audits of military dependent travel have not been conducted by the Air Force Auditor General's staff since our 1969 report because of the belief that more significant needs existed in other financial areas. The Auditor General Representative Office located at the AFAFC was given the responsibility on March 11, 1971, of preparing a set of audit guidelines to be used by auditors at base level. Under the guidelines, the need for an audit of military dependent travel will be left to the discretion of the various Auditor General Representatives.

In addition to the foregoing, the following actions were taken in response to the September 18, 1969, report.

--The Assistant Comptroller of the Air Force for Accounting and Finance disseminated copies of the report to all major commands,

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emphasizing the need for closer surveillance and tighter controls over dependent travel payments and suggesting that a publicity program be initiated to indoctrinate members about the seriousness of submitting false information.

--The Air Force regulations were revised in September 1970, to require members to show, in the remarks section of the DD Form 1351-4, the reason that their household goods were not shipped to the new address. (We reviewed 214 military dependent travel vouchers paid in December 1970, however, the vouchers did not show that household goods shipment information, as required by the regulation, had been considered.)

The Air Force regulations provide that the commander or his representative is responsible for verifying, within his means, the intent of the dependents to establish a bona fide residence at the place shown on the claim voucher before such claim is transmitted to the accounting and finance officer. The regulation does not, however, prescribe the methods or techniques to be used by the commander or his representative in making such verification and, thus, may not be accomplishing the desired objective.

The use of the revised form, the publicity given to our 1969 report, and proper implementation of the revised regulation should help to reduce the type of improper payments disclosed by our review.

To further strengthen the remaining controls in this matter, we believe that the Air Force regulations should be expanded to provide commanders or their representatives with specific guidelines as to how they should determine if the travel was performed for the purpose of establishing a bona fide residence.

We still believe that some of the problems associated with the administration of dependent travel could be avoided by requiring adult dependents to furnish a notarized statement, as previously suggested in Comptroller General's letter, dated March 15, 1954 (B-61937), copy enclosed. We are making no recommendations at this time because of the corrective actions taken or contemplated subsequent to the period we reviewed. We suggest, however, that you request the Secretary of the Air Force to evaluate, within a reasonable time, the effectiveness of the actions taken and to advise us of the results of his inquiry.

We appreciate the cooperation and assistance of the Air Force Office of Special Investigations for its investigation of the questionable cases.

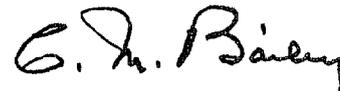
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We would appreciate your comments and advice of any action taken in this matter.

A copy of this report is being sent to the Secretary of the Air Force.

Sincerely yours,



Director, Defense Division

Enclosure

The Honorable
The Secretary of Defense

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

P-61937

March 15, 1954

The Honorable
The Secretary of Defense

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My dear Mr. Secretary:

Reference is made to memorandum dated December 14, 1953, from the Office of the Assistant Secretary of Defense, transmitting a proposed Department of Defense form entitled "Voucher for Reimbursement for Travel (Dependents of Military Personnel), DD Form _____", for my approval.

The proposed form, which was designed for the use of all military personnel of the Department of Defense, has been examined, and it has been determined that the proposed form is both satisfactory to the audit requirements of this Office, and complies with the statutory requirements of Section 303(c) of the Career Compensation Act of 1949, 63 Stat. 113, 814. However, for the purpose of further strengthening controls over payment of claims for travel of dependents of military personnel, it is suggested that consideration be given to the feasibility of also requiring adult dependents to furnish a statement certifying that the travel was actually performed with the intent of establishing a bona fide residence. The statement should supplement the above-mentioned Voucher for Reimbursement for Travel, and the certification thereon should be witnessed by a notary public in the vicinity of the place to which the travel has been performed. The statement should also include the name, service number and rank or rating of the military person; names of dependents and relationship to the military person; locations, by street address, city and state, of both the old and new stations; dates of departure from old station and of arrival at new station; and a signed affidavit of the adult dependent that such statements are true and correct to the best of his or her knowledge and belief.

The proposed form, "Voucher for Reimbursement for Travel (Dependents of Military Personnel), DD Form _____", copy returned herewith, is approved as submitted, and it is requested that when printed four copies of the form be furnished this Office. It is also requested that this Office be advised of the action taken with respect to the suggestion to require adult dependents to furnish notarized certification that travel has actually been performed.

Sincerely yours,

Lindsay C. Warren

Comptroller General
of the United States



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

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COMPTROLLER

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Dear Mr. Comptroller General:

Reference is made to former Comptroller General Warren's letter of March 15, 1954, B-61937, in which it was suggested that for the purpose of further strengthening controls over payment of claims for travel of dependents of military personnel, consideration be given to the feasibility of requiring adult dependents to furnish a notarized statement certifying that the travel was actually performed with the intent of establishing a bona fide residence.

The falsification of vouchers for dependents' travel is a matter which has deeply concerned this office and the military departments since we first became aware of its seriousness nearly two years ago. During this period the problem has been studied by the Joint Committee on Military Pay Procedures, the military departments and interested components of the Office of the Secretary of Defense and also has been discussed with representatives of the General Accounting Office. As a result of these studies and discussions, action has been taken to stop the practice of submitting false claims for dependents' travel. The action taken in this direction included:

1. Strengthening of internal controls over payment procedures.
2. Education of service members by widespread publicity of requirements for reimbursement and penalties for falsification of claims.
3. Adoption of a common voucher form for use by members of all military services in submitting dependents' travel claims. This voucher requires the member to certify that the travel was actually performed with the intent of establishing a bona fide residence.
4. Development of a common form for use by members in applying for Government-furnished transportation (this form is presently being coordinated within the military departments).
5. Amendment of Joint Travel Regulations to point out that entitlement to travel of dependents does not exist unless authorized travel is performed with the intent of establishing a bona fide residence.

6. Issuance by the Assistant Secretary of Defense (Manpower and Personnel) of a policy directive setting forth the disciplinary action to be taken when fraudulent claims are made (DOD Directive 1342.1 dated July 31, 1953, copy attached)."

We believe that the corrective action already taken and plans of the military departments for continued close scrutiny of dependents' travel claims will without undue delay prove effective in stopping the practice of submitting false claims. Accordingly, we feel that there is no need at this time for establishing a Defense-wide requirement for the proposed notarized statement. Should it develop, however, from internal disclosures or General Accounting Office audit or investigation reports that the fraudulent practice is not eliminated, the problem will be reappraised in the light of such developments, and you may be assured that the adoption of the suggested statement will be reconsidered.

Sincerely,

Lyle S. Garlock
Deputy Comptroller

Attachment

The Honorable
The Comptroller General
of the United States

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31 July 1953
NUMBER 1342.1

Department of Defense Directive

SUBJECT Disciplinary Action to be Taken When Fraudulent
Claims for Travel of Dependents are Made

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I. PURPOSE

The purpose of this Directive is to establish a policy with respect to disciplinary action to be taken when fraudulent claims for dependents' travel are made.

II. POLICY

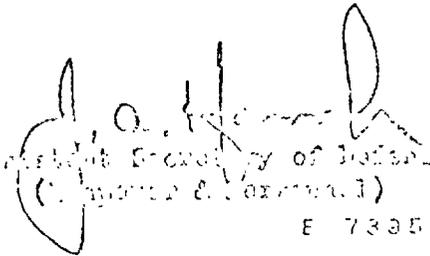
The Uniform Code of Military Justice provides adequate means for dealing with offenders, triable for the offense under that code, who submit or have submitted fraudulent claims for travel of dependents. Other federal statutes make adequate provisions for dealing with offenders not so triable under the code, who submit or have submitted fraudulent claims for travel of dependents. To eliminate the possibility of merely recovering money fraudulently obtained without taking appropriate disciplinary action where warranted, the following pronouncement of a uniform policy will govern:

a. With respect to persons triable under the Uniform Code of Military Justice for the offense of submitting fraudulent claims for travel of dependents, prompt and appropriate disciplinary action where warranted will be taken by the military service concerned.

b. With respect to persons not triable under the Uniform Code of Military Justice for the offense, information as to the offense involved will be provided the Department of Justice in order that the Department of Justice may take appropriate action.

III. AGENCY CONCERNED

It is requested that each of the military departments implement the foregoing policy within thirty (30) days following the date of this Directive and forward to the Assistant Secretary of Defense (Management and Personnel), copies of implementing regulations.


Assistant Secretary of Defense
(Management & Personnel)

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