

Pentagon Easy to Fool on Travel, GAO Charges

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by Michael Cowden

WASHINGTON (CBS Market Watch) -- Claiming they were new employees for secret projects, undercover General Accounting Office agents easily obtained airline tickets from the Defense Department using assumed identities and false identifications, an agent testified Wednesday.

"Everything that we needed was on DOD's Web site," said John Ryan, a special agent with the GAO's office of special investigations, at a Senate hearing Wednesday. "They actually give you instructions on how to create your own appropriations number, so that's what we did."

Ryan said it was one of the easiest operations his organization, which is the investigative arm of Congress, had ever been asked to do. http://www.house.gov/htbin/leave_site?ln_url=http://www.gao.gov/new.items/d04825t.pdf Read the GAO's report.

"It was alarmingly simple for GAO investigators to secure a boarding pass in a false name," said Sen. Susan Collins, R-Maine, chairman of the Senate Governmental Affairs Committee. "This raises concerns about airport security, as well as about the financial fraud issues the GAO set out to investigate."

The undercover operation was part of a wider GAO investigation into waste, fraud and security lapses in the Defense Department's handling of airline ticket purchases. According to a recent GAO report, Defense has likely lost \$100 million-and perhaps as much as \$250 million-in unused airline tickets.

According to GAO records, for example, the Defense Department paid \$9,800 for a business-class ticket from Washington to Canberra, Australia, and \$8,100 for a business-class ticket from Atlanta to Muscat, Oman. Neither ticket was ever used, and the government never asked for its money back.

"Imagine if you purchased a fully refundable airline ticket for \$600 or \$700 and didn't use it. Would you just put it in your dresser drawer and forget about it?" asked Sen. Charles Grassley, R-Iowa. "Of course not. That would be like dumping your money down the drain. Well, that's just

what the Department of Defense has done."

JoAnn Boutelle, deputy chief financial officer at the Defense Department, explained to the committee that the department would work at improving its automated systems. Most of the data processing, she said, is still done by hand.

The GAO found that not only did the Defense Department not seek refunds for unused tickets, but also it was blind to repeated abuses of its ticket purchasing system by employees.

Some bought tickets through the Defense Department, didn't use them and then sought reimbursement for themselves instead of returning the money to the agency. In such cases, the department sometimes paid for the tickets twice, reimbursing not only the employee who fraudulently claimed to have purchased the ticket but also the Bank of America, which actually purchased the tickets on behalf of the Defense Department.

One high-ranking employee, according to the GAO, claimed reimbursement of \$9,700 for 13 tickets that he never paid for. The employee, who claimed he didn't notice that nearly \$10,000 had been added to his account, had been caught seven times before for allegedly filing false claims. Another high-ranking employee submitted a dozen false ticket claims, used government money to rent a Mercedes-Benz and routinely approved his own travel vouchers. He was reportedly reimbursed for \$3,600.

Even military personnel have been implicated, the GAO indicated.

"One individual used DOD accounts over a six-month period to purchase 70 tickets costing \$60,000 that he resold to friends and family," said Greg Kutz, GAO director of financial management and assurance.

In recent months, the GAO has referred 130 cases -- involving 44,000 names -- that involve potential fraud to the Defense Department. The agency has taken action on just six cases, according to the GAO, and has given no information on its plans for the remaining 124.

GAO officials expressed concern that Defense officials were dragging their feet. "The cases that we refer, we ask them to get back to us in 60 days; it's getting close to 60 days," said GAO special agent Ryan. "They seem to be filed in a black hole."

Some blamed what Rep. Jan **Schakowsky**, D-Ill., called "a culture at the Defense Department that seems to persistently tolerate abuse of public dollars and public trust."

Republicans and Democrats alike appeared to share this sentiment. "We hold hearings at which officials come with their tails between their legs admitting they could do better," said Grassley, his voice cracking with emotion. "What I want to start hearing is how DOD is going to fix its culture of indifference to controls and lack of respect for American taxpayers."