

Naval Audit Service



Audit Report



Long-Term Temporary Duty Orders for Marine Corps Reserves Performing Duty within the Continental United States and Hawaii

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N2013-0050

30 September 2013

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MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (MANPOWER
AND RESERVE AFFAIRS);
DEPARTMENT OF DEFENSE INSPECTOR GENERAL;
COMMANDANT OF THE MARINE CORPS

Subj: **LONG-TERM TEMPORARY DUTY ORDERS FOR MARINE CORPS
RESERVES PERFORMING DUTY WITHIN THE CONTINENTAL
UNITED STATES AND HAWAII (AUDIT REPORT N2013-0052)**

Ref: (a) NAVAUDSVC memo N2011-NMC000-0105.000, dated 1 Mar 11
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. We have completed the subject audit, announced by reference (a). Section A of this report provides our finding, recommendations, summarized management responses, and our comments on the responses. Section B provides the status of the recommendations. The full text of management responses is included as an Appendix to this report.
2. The Commandant of the Marine Corps responded to Recommendations 2-6 and 8-12, and the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs responded to Recommendation 7. Actions planned and taken meet the intent of those recommendations; Recommendations 2 and 7 are closed, and Recommendations 3-6 and 8-12 are considered open pending completion and verification of agreed-to actions. Recommendation 1 was directed to the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy; we did not receive a response regarding that recommendation, which is considered undecided and is being referred through the Department of Defense Inspector General for elevation in the chain of command in the Office of the Secretary of Defense.
3. Open recommendations are subject to monitoring in accordance with reference (b). Management should provide a written status report on the recommendations within 30 days after target completion dates. Please provide all correspondence to the Assistant Auditor General for Internal Controls, Contracting, and Investigative Support Audits, XXXXXXXXXXXX, by email at XXXXXXXXXXXXXXXXXXXX, with a copy to the Director, Policy and Oversight, XXXXXXXXXXXXXXXXXXXX. Please submit correspondence

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Subj: **LONG-TERM TEMPORARY DUTY ORDERS FOR MARINE CORPS RESERVES PERFORMING DUTY WITHIN THE CONTINENTAL UNITED STATES AND HAWAII (AUDIT REPORT N2013-0050)**

in electronic format (Microsoft Word or Adobe Acrobat file), and ensure that it is on letterhead and includes a scanned signature.

4. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to follow up in accordance with reference (b).

5. We appreciate the cooperation and courtesies extended to our auditors.



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Assistant Auditor General
Internal Controls, Contracting, and
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Executive Summary

Overview

The purpose of the military reserve component is to provide trained units and qualified persons for active duty in the armed forces in times of war or national emergency and at such times as national security may require. The President ordered the Department of Defense (DoD) to partially mobilize the reserve component on 14 September 2001. The Marine Corps activated reserve members for duty after receiving requests for reserve support from active duty units. The assigned duty locations were often away from the reserve members' primary residences; therefore, temporary duty (TDY) per diem entitlements were authorized.

The Assistant Secretary of the Navy (Manpower and Reserve Affairs) issued a series of memoranda extending the maximum permissible length of per diem travel orders beyond the 180-days normally permitted by the Joint Federal Travel Regulations (JFTR). In September 2005, the Assistant Secretary of the Navy (Manpower and Reserve Affairs) authorized the Marine Corps Reserve to use per diem travel orders for up to 5 years in duration.

From October 2006 through June 2011, the Marine Corps Reserve paid approximately \$144 million in travel related entitlements for 21,949 continental United States (CONUS) TDY orders that were over 30 days in duration. About \$117 million of those travel related entitlements were paid for 9,289 CONUS TDY orders that were over 180 days in duration.

We conducted our audit between 30 March 2011 and 2 July 2013, and examined authorization, execution, and payment controls over Marine Corps long-term TDY reserve orders for duty within CONUS and Hawaii, that were in progress during Fiscal Years 2007 through 3rd quarter 2011. We considered orders over 30 days in duration long-term because at that point reserve members qualified for the same housing allowances as their active duty counterparts.

Reason for Audit

The objective of the audit was to verify that internal controls provided reasonable assurance that Marine Corps Reserve CONUS mobilization orders were properly authorized, performed, and paid in accordance with applicable directives. Our review also included other long-term TDY reserve orders not associated with contingency

operations. We also expanded the area of coverage to include Hawaii because a significant number of reserve members performed duty there in support of local commands.

The audit of Marine Corps Reserve long-term TDY orders was prompted by problems with reserve members' travel claims. The Naval Criminal Investigative Service (NCIS) requested that the Naval Audit Service assist in their investigations of alleged abuses involving numerous reserve members' claims. The investigations showed that internal controls did not provide reasonable assurance that long-term TDY reserve orders were properly authorized and paid.

Noteworthy Accomplishments

After NCIS briefed the Commanding General at the Marine Corps Reserve Force Command about the numerous instances of reserve members receiving payment for potentially fraudulent travel claims, the Marine Corps issued a policy in July 2010¹ reducing the maximum permissible length of TDY orders to 1 year. This action significantly reduced the financial impact of potential abuse associated with long-term TDY orders authorized after July 2010. The Marine Corps also submitted a proposed change to JFTR paragraph U7150 upon our recommendation, to clearly base per diem eligibility on the reserve members' primary residence² in compliance with other sections of the regulation. This will strengthen accountability in the proper authorization and payment of travel allowances to reserve members who travel away from their primary residence while serving on long-term TDY orders. The Marine Corps also established controls in the Marine Reserve Order Writing System that required at least a 2-way separation of functions in authorizing reserve orders. This eliminated opportunities for "Super-Users³" to abuse the process without any checks or balances. However, the Marine Corps has an opportunity to further strengthen their controls over the order writing process by requiring full separation of the three functions within the Marine Reserve Order Writing System, which is further explained in Finding 3.

¹ The Marine Corps also issued Marine Corps Administrative Message (MARADMIN) 622/09 in October 2009 which limited initial authorizations of TDY orders to 24 months, and emphasized the fiscal advantage to the Government of using Permanent Change of Station orders for any extensions beyond 24 months.

² As of 22 January 2013, the Per Diem Travel and Transportation Advisory Committee of the Defense Travel Management Office had staffed the proposed changes to the Services' Military Advisory Panel Members. However, the Military Advisory Panel had postponed their vote to an "undetermined date."

³ Super-users have the ability to independently perform all three functions in the order writing process in the Marine Reserve Order Writing System.

Conclusions

We found opportunities for the Marine Corps to improve internal controls in the authorization and payment of orders and travel claims. The Marine Corps based per diem eligibility on the reserve members' "Place Entered Active Duty" (PLEAD) instead of their primary residence, because they relied on a section of the JFTR applicable to reserve travel, which did not differentiate between these in determining per diem eligibility. The Marine Corps permitted reserve members to change their address without any independent validation, which affected per diem and Basic Allowance for Housing payments. We also found that the Marine Corps did not provide the necessary oversight to ensure that reserve members were securing prudent long-term accommodations and that travel claims were properly endorsed by responsible officials and submitted in a timely manner. The extension of per diem travel from the 180-day JFTR maximum to 5 years further exposed the Marine Corps to waste and abuse. Lastly, the Marine Reserve Order Writing System (MROWS) had excessive user accounts and, in some cases, permitted the same person to perform more than one or all of the roles necessary to authorize reserve orders. Correcting these weaknesses should help ensure that reserve orders are properly authorized and paid, significantly reducing the risk of waste and abuse. Also, based on documentary evidence of reserve members' travel to ordered destinations, and third party endorsements that reserve members reported for duty at ordered destinations we concluded that all of the orders were performed.

Communication with Management. Throughout the audit we kept Marine Corps management fully informed. We worked with managers of the Marine Force Reserve Command and Reserve Affairs to identify solutions that would strengthen controls over long-term TDY reserve orders. We met with members of the per diem committee at the Defense Travel Management Office on 6 March 2012 to discuss the need to revise the language in the JFTR to clearly show that travel away from the reserve members' primary residence determines per diem eligibility. We briefed the representatives of Headquarters, Marine Corps, Manpower and Reserve Affairs on 7 March 2012 to discuss the preliminary results of the audit. We also briefed the responsible deputies of the Assistant Secretary of the Navy (Manpower and Reserve Affairs) on 19 April 2012 to discuss the DoD-wide challenges of long-term TDY travel associated with reserve mobilization orders. Finally, we met with personnel from Headquarters, Marine Corps for Reserve Affairs, Manpower Management and Force Augmentation, Resources-Financial-Fiscal, and representatives of the Marine Reserve Force Command on 1 April 2013 to discuss our findings and proposed recommendations, and to resolve any concerns they had with the discussion draft report, which they received on 7 March 2013.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls.

Recommendations 2-6 and 8-12 address issues related to the internal controls over the proper authorization and payment of long-term TDY reserve orders. In our opinion, the weaknesses noted in this report may warrant reporting in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

Corrective Actions

To provide the necessary clarification, we recommend that the Deputy Assistant Secretary of Defense, Military Personnel Policy, who is the chair of the Per Diem Travel and Transportation Allowance Committee, ensure that Joint Federal Travel Regulations, paragraph U7150, is revised to clearly base per diem eligibility on the reserve members' primary residence and base transportation cost on their Place Entered Active Duty. To facilitate this, the Marine Corps submitted a proposal to the responsible committee during our review to revise the Joint Federal Travel Regulations accordingly, which is currently pending as of the date of this report.

To strengthen controls over the authorization and payment of long-term reserve temporary duty orders, we recommend that the Commandant of the Marine Corps amend Marine Corps Administrative Message 305/08 to reflect the Joint Federal Travel Regulations guidance on Basic Allowance for Housing locality rates; remove reserve members' ability to change their primary mailing address via the Marine Online Web site; ensure that responsible officials verify reserve members' primary residences to determine per diem eligibility upon activation for new orders; ensure that responsible officials review long-term residential lodging accommodations for reasonableness; ensure that knowledgeable officials act as the Authorizing Official/Supervisor to review and electronically endorse reserve members' travel claims; ensure that reserve members on long-term temporary duty create and submit their travel claims within 5 days of each 30-day period of service; and limit the number of user accounts in the Marine Reserve Order Writing System, ensure the accounts are current, and prevent the same users from performing more than one of the three essential roles.

Finally, to significantly reduce the risk of waste and abuse inherent with long-term temporary duty orders, we recommend that the Assistant Secretary of the Navy (Manpower and Reserve Affairs) cancel or rescind all of the memos that authorized the use of temporary duty orders in excess of the Joint Federal Travel Regulations' 180-day limit, and perform a study to determine whether current requirements warrant an expansion of the 180-day limit.

The Commandant of the Marine Corps responded to Recommendations 2-6 and 8-12, and the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs responded to Recommendation 7. Actions planned and taken meet the intent of those recommendations; Recommendations 2 and 7 are closed, and Recommendations 3-6 and 8-12 are considered open pending completion and verification of agreed-to actions. Recommendation 1 was directed to the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy; we did not receive a response regarding that recommendation, which is considered undecided and is being referred through the Department of Defense Inspector General for elevation in the chain of command in the Office of the Secretary of Defense.

Section A:

Findings, Recommendations, and Corrective Actions

Finding 1: Per Diem Allowances Based on “Place Entered Active Duty”

Synopsis

The Marine Corps authorized per diem allowances for reserve members ordered to active duty in the Continental United States (CONUS) and Hawaii based on their “physical location,” or Place Entered Active Duty (PLEAD) at the time of activation, rather than their primary residence, and allowed reserve members to self-validate the address, upon which their per diem entitlements were based. The Joint Federal Travel Regulations (JFTR) states that per diem is designed to offset lodging, meals, and incidental expenses while performing Temporary Duty (TDY) away from the Permanent Duty Station. The use of members’ PLEAD rather than their primary residences occurred primarily because the Marine Corps relied on a section of the JFTR applicable to reserve travel that did not differentiate between the members’ PLEAD and the members’ home in determining per diem eligibility. Reserve members self-validated their addresses because the Marine Corps chose to trust them to accurately record their address, even when that member was ordered to activate on long-term temporary duty orders. The JFTR language caused the Marine Corps to base the members’ per diem allowances on the members’ PLEAD instead of a verifiable address, such as their primary residence. This limited the Marine Corps’ ability to implement effective policy, such as requiring responsible officials to validate members’ primary residences to determine per diem eligibility, which exposed long-term TDY orders to widespread abuse.

Discussion of Details

Background

The Deputy Commandant, Manpower and Reserve Affairs (MRA), is responsible for initiating active duty orders for individual reserve members to support contingency operations. Within MRA, Manpower Management and Force Augmentation at Headquarters, Marine Corps (MMFA) controlled the funding for reserve mobilization orders, known as Active Duty for Operational Support-Contingency Operations, and relied on Individual Mobilization Augmentation (IMA) Operational Sponsors at major commands or field activities to coordinate the details of the active duty orders between the gaining commands or activities, the reserve members, and MMFA. After receiving annual funding information from the Deputy Commandant, Programs and Resources, the

Deputy Commandant, MRA allocates manpower funding to Marine Corps agencies to enable reservists to be placed on short-term active duty to support activities or operations other than contingencies, known as Active Duty Operational Support-Reserve Component and Active Duty Operational Support-Active Component. These programs are managed by the Reserve Affairs Division (RA) through Active Duty for Operations Support Operational Sponsors at major commands or field activities that coordinated the issuance of active duty orders. The Marine Corps Mobilization Command (disestablished in 2011 and integrated within Marine Forces Reserve Headquarters) supports the authorization of all three types of reserve orders by authenticating the readiness of each activated reserve member.

When reserve members volunteer to accept Active Duty Operational Support-Contingency Operations orders to active duty, IMA Operational Sponsors rely on the information in the Marine Corps Total Force System, and guidance from the JFTR, to estimate costs for pay and allowances, per diem, and transportation costs. To estimate the per diem and transportation costs of the orders, the IMA Operational Sponsors use the address provided by the reserve members as recorded in the Marine Corps Total Force System.⁴ Reserve members update and self-validate their address in the Marine Corps Total Force System via the "Marine Online" Web site. Personnel at MMFA rely on the Marine Reserve Order Writing System's (MROWS's)⁵ automatic calculation of distance to the duty station, which also uses this address to determine if travel and per diem are necessary.

Our work with the Naval Criminal Investigative Service (NCIS) prompted us to conduct this audit. During our audit assistance on the various NCIS criminal investigations of alleged travel claim abuses by Marine Corps reserve members, we noted numerous instances where members changed their addresses to locations outside of the local commuting area to qualify for per diem entitlements, even though they maintained their actual residence locally. Members typically changed their address in Marine Online without any validation requirements, which in turn updated the systems that drove their per diem eligibility and Basic Allowance for Housing (BAH) payments. In some cases, administrative clerks used the Unit Diary⁶ to change the addresses of reserve members, which had the same effect.

For example, two married Marine Corps reserve members lived at a residence they owned together that was within the local commuting area of the duty station where they performed their active duty orders. Prior to receiving their orders, they changed their address to a residence where a friend lived that was outside of the local commuting area. While on orders, they submitted travel claims with false lodging receipts while they continued to live at the residence they owned. As a result, the Marine Corps paid this

⁴ This information is included in the Marine Corps Total Force System under the data field "Primary Mailing Address."

⁵ Finding 3 in this report covers controls in the Marine Reserve Order Writing System (see Finding 3).

⁶ The Unit Diary is used by Marine Corps units to process administrative information needed for pay, leave, and other personnel actions.

couple \$188,259.08 in per diem entitlements. Since they changed their address to a location that had a higher BAH rate and included benefits for Cost of Living Allowances, they also received \$16,712.32 in additional payments for these allowances.

We identified two issues that significantly contributed to these abuses. First, the travel regulations addressing travel for reserve duty did not differentiate between the members' PLEAD and primary residence for determining per diem eligibility. The second contributing factor to these abuses was the reserve members' ability to change their address without any independent verification required by the Marine Corps.

Pertinent Guidance

Joint Federal Travel Regulations Policy related to Per Diem.

- a. **Chapter 4, Part B, Paragraph U4100, "Per Diem,"** dated 1 April 2011, states that "per diem is designed to offset lodging and meals and incidentals costs while performing travel, and/or TDY away from the PDS [Permanent Duty Station]."
- b. **Appendix A, Part 1, "Permanent Duty Station," Paragraph A.5.a (1 and 2)** dated 1 May 2011, defines PDS for transportation and storage of House Hold Goods as the home of the member at the time of appointment to regular service from civilian life or being called to active duty for 20 or more weeks.
- c. **Appendix A, Part 1, "Primary Residence/Home of Reserve Component (RC) Member,"** dated 1 May 2011, defines primary residence/Home of a Reserve Component as when "an RC member ordered to active duty, and the active duty order is not a PCS, the primary residence/home is the dwelling (i.e. house, townhouse, apartment, condominium, mobile home, houseboat, vessel, etc.) at which the RC member resides and from which the RC member commuted to work before being ordered to active duty."

Joint Federal Travel Regulations Policy related to Reserve Travel and Transportation Allowances.

- a. **Chapter 7, Part G, Paragraph U7150, Sub-Part B, "Travel and Transportation Allowances when a Member Commutes,"** dated 1 April 2011, describes when Travel and Transportation Allowances are not allowed for reserve members. It states that "Travel and/or transportation allowances are not authorized for travel between the home/PLEAD and the place of active duty when: 1) both are in the corporate limits of the same city/town; 2) the member commutes daily between home/PLEAD and the place of active duty."

- b. **Appendix A, Part 1, "Place Entered Active Duty,"** dated 1 April 2011, defines PLEAD as:
- (1) The place of acceptance of an RC member when enlisted, commissioned, or appointed for immediate active duty; or
 - (2) In the case of an RC member who is not enlisted, commissioned, or appointed for immediate active duty, the place to which an order to active duty is addressed.

Joint Federal Travel Regulations Policy related to Basic Allowance for Housing.

- a. **Chapter 10, Paragraph U10428 (D.2), "Called/Ordered to Active Duty for a Contingency,"** dated 1 December 2010, states that "A member called/ordered to active duty in support of a contingency operation is authorized primary residence-based BAH/OHA⁷ beginning on the first active duty day."

The Office of Management and Budget (OMB) Circular A-127, Financial Management Systems, defines financial systems as both manual and automated processes used to collect, process, maintain, transmit, and report data about financial events, such as payroll systems. The circular establishes accountability of financial and program managers for the financial results of actions taken. It also requires adherence to OMB Circular A-123, "Management's Responsibility for Internal Control," to ensure sufficient control over the Federal Government's financial resources and the protection of Federal assets.

As such, Circular A-127 mandates that system designs have: (1) common processes; (2) consistent internal controls over data entry and transaction processing; (3) performance measures that support fiscal management of program delivery and decisionmaking; and (4) processes to monitor the financial management to ensure the integrity of data. These controls are applicable to all system inputs, processing, and outputs.

Audit Results

Travel Regulations

We worked with NCIS to support investigations into potential fraud in long-term per diem orders. We also discussed the authorization and payment of long-term per diem orders with personnel at Headquarters, Marine Corps, Manpower and Reserve Affairs and Marine Forces Reserve. From the personnel involved with the management of these

⁷ Overseas Housing Allowance.

orders, we learned that there was confusion and disagreement about the basis for granting and denying per diem travel entitlements.

The Marine Corps Travel Finance Office (TFO) and the Defense Finance and Accounting Service (DFAS) based per diem and BAH entitlements on the reserve members' PLEAD rather than their primary residence. Through interviews and review of documentation, we concluded that this occurred because they solely relied on JFTR paragraph U7150, which did not differentiate between home and PLEAD, in determining per diem eligibility for activated reserve members. However, our analysis of the JFTR showed that the reserve members' PLEAD should only be used to determine reserve members' transportation allowances, whereas their home should be the determining factor for travel allowances.

Per Diem Eligibility Based on PLEAD. JFTR, paragraph U7150, states the following:

“Travel and/or transportation allowances are not authorized for travel between the home/PLEAD and the place of active duty when: 1) both are in the corporate limits of the same city/town; 2) the member commutes daily between home/PLEAD and the place of active duty.”

This paragraph explains that reserve members are not authorized “travel and/or transportation” allowances when their “home/PLEAD” are within the local commuting area of their duty station or when they commute daily between these two locations. However, the language does not differentiate between “home,” and “PLEAD” in determining travel (i.e. per diem), and transportation allowances.

As written in paragraph U7150, “home/PLEAD” suggests that the two terms are interchangeable. Therefore, the Marine Corps used PLEAD in determining per diem eligibility, which provided opportunities for abuse. As discussed above, reserve members were able to exploit the Marine Corps' process for determining per diem eligibility by simply using an address, or PLEAD, other than their primary residence, located outside of the local commuting area. For example, during our support of an NCIS investigation, we found that a reserve member who lived within the local commuting area changed his address 2 days prior to activation to his mother's residence that was located outside the local commuting area. In our opinion, this also limited the Marine Corps' ability to implement an effective process for authorizing per diem allowances, such as requiring reserve members to provide proof of their actual home, or primary residence.

During our review, we were also informed that the Marine Corps TFO and DFAS denied payment of previously authorized per diem to reserve members who activated⁸ at their duty location away from their claimed primary residence. They denied these payments to reserve members because the Marine Corps and DFAS based per diem eligibility on

⁸ This applies to members who initially activate, as well as members who reactivate on back-to-back orders.

PLEAD. Reserve members appealed these decisions to the Department of Hearings and Appeals.⁹

Based on our review of other sections of the JFTR, the primary residence of the reserve member should determine per diem eligibility in our opinion as discussed below.

Per Diem Eligibility Based on Primary Residence. Other sections of the JFTR led us to conclude that reserve members' primary residence should be the determining factor for per diem eligibility. Paragraph U4100, "Per Diem," states that:

"...per diem is designed to offset lodging and meals and incidentals costs while performing travel, and/or TDY away from the Permanent Duty Station."

The JFTR defines PDS for the transportation and storage of House Hold Goods (HHG) as the members' home at the time of activation. Appendix A, "Permanent Duty Station," states that:

"The following are PDSs for transportation and storage of HHG and mobile homes:

- 1. The home of a member at the time of:*
 - a. Appointment to regular Service from civilian life or from an RC;*
 - b. Being called to active duty (including for training) for 20 or more weeks;*
 - c. Being recalled from the Fleet Reserve or Fleet Marine Corps Reserve, or recalled from retirement (including temporary disability);*
 - d. Enlistment or induction into the Service (regular or during emergency);*
 - e. Temporary disability retirement."*

In May 2011, the Defense Travel Management Office added the definition for primary residence to the JFTR. Appendix A, "Primary Residence/Home of Reserve Component (RC) Member," now defines the reserve member's primary residence as follows:

"The primary residence/home is the dwelling (i.e., house, townhouse, apartment, condominium, mobile home, houseboat, vessel, etc.) at which the RC member resides and from which the RC member commuted to work before being ordered to active duty."

⁹ This department is under the cognizance of the Department of Defense (DoD) Office of General Counsel.

Based on our analysis of these sections of the JFTR, we concluded that eligibility for per diem allowances should be based on travel away from the reserve members' primary residence, not their PLEAD.

JFTR Policy on Transportation Allowances and PLEAD. The JFTR defines PLEAD as:

- (1) *"The place of acceptance of an RC member when enlisted, commissioned, or appointed for immediate active duty."*
- (2) *"In the case of an RC member who is not enlisted, commissioned, or appointed for immediate active duty, the place to which an order to active duty is addressed."*

These definitions referred to the reserve members' PLEAD as a "place," not their home or Permanent Duty Station. This suggests that the physical location of the reserve member, or PLEAD, is the place from which to transport them, and upon completion of their duty, the place to return them. The first PLEAD definition, for immediate activations, states that the PLEAD is a place and provides Gaining Commands flexibility in transporting reserve members from a location that may or may not be their home. The second PLEAD definition, for non-immediate activations, states that the PLEAD is the place to which orders are addressed. In most cases, this would be the same address as the primary residence. In our opinion, reserve members' PLEAD should only determine their transportation allowance, not their per diem eligibility.

BAH Allowances Based on PLEAD. The Marine Corps inappropriately based BAH locality rates on reserve members' PLEAD. They issued Marine Corps Administrative Message 305/08¹⁰ directing the payment of BAH based on the locality rate applicable to "the location from which the member was activated or the member's primary residence at the time of activation." Part of the reason the Marine Corps issued the administrative message was to clarify the meaning of reserve members' "Principle Place of Residence,"¹¹ which the JFTR did not do at the time. In May 2009, the Department of Defense (DoD) modified JFTR paragraph U10428¹² directing the payment of BAH at locality rates based on reserve members' primary residence at the time of activation. However, the Marine Corps continued to base BAH payment on reserve members' PLEAD, creating an environment that made them vulnerable to BAH abuse, as described above. Implementation of policy consistent with the JFTR, and basing the BAH locality rate on members' primary residence, will reduce the risk of overpayments.

Address Validation

¹⁰ This policy was still in effect as of February 2013.

¹¹ This term directed the applicable locality rates for reservists' BAH from December 2006 through April 2009. Prior to Fiscal Year 2007, the DoD Federal Management Regulation (FMR) had directed the payment of BAH at locality rates based on Primary Residence.

¹² This revision brought the rules for reserve members' basic housing allowance locality rates back to what they were prior to Fiscal Year 2007.

The Marine Corps authorized per diem and BAH payments to reserve members based on non-validated addresses. As noted above, Marine Corps reserve members updated and self-validated their primary mailing addresses in the Marine Corps Total Force System via the Marine Online Web site. The Marine Corps Total Force System is the single integrated personnel and pay system supporting both active and reserve members for the Marine Corps, and a feeder system for several DFAS systems. OMB Circular A-127 requires that financial management systems and associated systems, such as the Marine Corps Total Force System, have consistent internal controls over data entry and processes to ensure the integrity of data.

The Marine Corps did not collect or maintain any evidence of reserve members' primary residence. Therefore, we did not test the validity of reserve members' primary residences. During prior audit work, we noted that reserve members had the ability to change their address in Marine Online to locations outside of the local commuting area to qualify for per diem entitlements. Administrators or clerks also had the ability to change reserve members' addresses in the Unit Diary. Marine Corps policy allowed reserve members to independently validate their addresses in Marine Online with the understanding that this would provide more accurate personnel records. However, this policy did not consider the need for independent data verification, and provided an opportunity for reserve members to change their address without first having to provide proof. As a result, reserve members were able to affect the payment of their per diem and BAH through manipulation of their address of record.

Self-validation of addresses combined with the Marine Corps' interpretation of the JFTR basing per diem allowances on PLEAD, created opportunities for reserve members to manipulate their addresses in order to receive per diem allowances and higher BAH rates. In our opinion, revising JFTR, paragraph U7150, to clearly base per diem entitlements on the reserve members' primary residence will better enable the Marine Corps to implement a policy for responsible officials, such as the IMA/Active Duty Operational Support Operational Sponsors, to validate the reserve members' primary residence upon their activation.

Preventing reserve members from changing their addresses on the Marine Online Web site, and preventing administrative personnel from changing reserve members' addresses through the Unit Diary, without the appropriate oversight and documented verification, will further reduce the risk of inappropriate payments of per diem and BAH based on invalid addresses.

Actions Taken to Strengthen Controls

The Marine Corps acted to reduce the opportunity for fraud in reserve members' travel claims, and also to eliminate the adverse effects of future denials of payment. Along with the audit team, the Marine Corps met with members of the Per Diem Travel and

Transportation Allowance Committee¹³ to discuss concerns with the interpretation of JFTR paragraph U7150 that, in our opinion, did not reliably uphold the intent of the "Per Diem Policy" set forth in JFTR paragraph U4100.

On 11 June 2012, the Marine Corps' representative on the Per Diem Travel and Transportation Allowance Committee's Military Advisory Panel formally proposed a change to JFTR U7150 to clearly base per diem eligibility on the reserve members' primary residence and transportation costs on their PLEAD. The proposed change passed their legal review and the Military Advisory Panel scheduled a vote to approve the proposed change on four separate occasions.¹⁴ However, they postponed the vote on each of these dates because of the pending decisions from the Department of Hearings and Appeals. During their last scheduled vote on 22 January 2013, they postponed the vote to an "undetermined date."

The Department of Hearings and Appeals has since ruled in favor of denying per diem payments to reserve members who were previously authorized, further substantiating the interpretation of JFTR U7150 used by the Marine Corps Travel Finance Office and DFAS to disallow claimed per diem entitlements based on the reserve members' PLEAD. To avoid future problems in this area, the Marine Corps now requires reserve members to activate from their primary residence to ensure the award of the appropriate rate of per diem. This is being done in spite of the possibility of incurring additional costs and/or delays associated with traveling back to the primary residence to activate on a new set of orders. In our opinion, this removes the flexibility of the Marine Corps to activate reserve members from locations that may be more economical and convenient. Because the current language in paragraph U7150 of the JFTR is having an adverse impact on the Marine Corps Reserve, the Per Diem and Travel Allowance Committee should make this matter a high priority.

This proposed change will ensure that members and commands, responsible for knowing the regulations that determine per diem eligibility, can confidently determine travel and transportation allowances. This should eliminate confusion and prevent future travel claim disputes in this area. Furthermore, this will help the Marine Corps to strengthen controls over per diem authorization, such as requiring the validation of reserve members' primary residence address.

Recommendations

The Commandant of the Marine Corps provided management responses to Recommendations 2-6. The Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy did not respond to Recommendation 1. Summaries of the

¹³ This committee is responsible for reviewing and approving proposed changes to the JFTR.

¹⁴ The Military Advisory Panel postponed this vote on 21 August 2012, 18 September 2012, 11 December 2012, and 22 January 2013.

management responses, with our comments, are with the recommendations below; the complete text of the responses is in the appendices.

We recommend that the Deputy Assistant Secretary of Defense for Military Personnel Policy:

Recommendation 1. As the chair of the Per Diem, Travel and Transportation Allowance Committee, provide the necessary oversight to ensure that the Joint Federal Travel Regulations, paragraph U7150, is revised to clearly show that the reserve members' primary residence will determine travel entitlements and their Place Entered Active Duty will determine transportation cost.

The Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy did not provide a response to the recommendation.

Naval Audit Service comment on the lack of a response to Recommendation 1. Because the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy did not provide a response to the recommendation, we consider it to be undecided. We are resubmitting the recommendation, through the Department of Defense Inspector General, to the Office of the Deputy Assistant Secretary of Defense for Military Personnel Policy for a response. If we do not receive a response within 30 days of the date of this report, the recommendation will be elevated through the chain of command in the Office of the Secretary of Defense for resolution.

We recommend that the Commandant of the Marine Corps:

Recommendation 2. Submit a proposal to the Per Diem, Travel and Transportation Committee to revise the Joint Federal Travel Regulations, paragraph U7150 to clearly show per diem eligibility to be based on the reserve members' primary residence and transportation costs to be based on their Place Entered Active Duty.

Management response to Recommendation 2. Concur. Marine Corps management submitted the proposed change (MAP 52-12E) to the Military Advisory Panel of the Per Diem, Travel and Transportation Committee for consideration and approval.

Naval Audit Service comment on response to Recommendation 2. In accordance with our recommendation during the audit, the Marine Corps submitted the initial proposed change to paragraph U7150 of the JFTR to clearly show that per diem eligibility is to be based on the reserve members' primary residence and transportation costs are to be based on their Place Entered Active Duty. On 3 April 2012, the Military Advisory Panel agreed to officially consider the proposed change. Action taken by the Marine Corps meets the intent of the recommendation, which is considered closed.

Recommendation 3. Amend Marine Corps Administrative Message 305/08, Section 6, to issue policy consistent with the Joint Federal Travel Regulations by stating that Basic Allowance for Housing payments be based on the location of the reserve members' primary residence instead of their Place Entered Active Duty.

Management response to Recommendation 3. Concur. The Marine Corps will coordinate the appropriate agency staffing and amend Marine Corps Administrative Message 305/08 accordingly.

Naval Audit Service comment on response to Recommendation 3. Action planned by the Marine Corps meets the intent of the recommendation, which is considered open pending completion of agreed-to action. In subsequent communication, the Marine Corps provided a target completion date of 31 December 2013.

Recommendation 4. Update policy and provide oversight to remove the reserve members' ability to change their Primary Mailing Address via the Marine Online Web site, and establish controls to limit personnel authorized to make these changes to responsible officials, such as the Operational Sponsors for Individual Mobilization Augmentation members, and the responsible official at the Marine Forces Reserve for members of the Individual Ready Reserve.

Management response to Recommendation 4. Concur. The Marine Corps will create policy and implement systems changes to require that reservists make address changes at the Marine Forces Reserve Installation Personnel Administration Center.

Naval Audit Service comment on response to Recommendation 4. Action planned by the Marine Corps meets the intent of the recommendation, which is considered open pending completion of agreed-to action. In subsequent communication, the Marine Corps provided an interim reporting date of 31 January 2014 because a final target completion date has not been determined.

Recommendation 5. Promulgate policy and provide oversight to ensure that responsible officials, such as the Operational Sponsors, verify reserve members' primary residences to determine per diem eligibility upon activation for new orders, including back-to-back orders, as well as any modifications made to existing orders extending the reserve members' service time. At a minimum, the reserve member should provide a lease agreement or mortgage bill, and utility bills to establish their primary residence.

Management response to Recommendation 5. Concur. The Marine Corps will coordinate the appropriate agency staffing and establish policy requiring responsible officials to verify the reserve members' primary residence upon activation.

Naval Audit Service comment on response to Recommendation 5. Action planned meets the intent of the recommendation, which is considered open pending completion of agreed-to action. In subsequent communication, the Marine Corps provided a target completion date of 31 December 2013.

Recommendation 6. Establish system controls to ensure that personnel cannot change reserve members' addresses in the Unit Diary without proper address validation.

Management response to Recommendation 6. Concur. The Unit Diary Manpower Personnel System/Marine Corps Total Force System currently has "2-person certification" system controls in place. Marine Corps management will establish policy and procedures for validating the address for reserve members' primary residence whenever reservists' addresses are established or changed through the Unit Diary.

Naval Audit Service comment on response to Recommendation 6. Action planned meets the intent of the recommendation, which is considered open pending completion of agreed-to action. In subsequent communication, the Marine Corps provided an interim reporting date of 31 January 2014 because a final target completion date has not been determined.

Finding 2: Oversight of Temporary Duty Travel for Reserve Members

Synopsis

The Marine Corps did not properly manage long-term CONUS TDY reserve orders. Specifically, the Marine Corps did not provide the necessary oversight to ensure that: (1) reserve members acted prudently with their selection of lodging accommodations, (2) travel claims were paid with sufficient supervisory review, and (3) travel claims were submitted in a timely manner. The JFTR states that members must exercise prudence when incurring expenses paid for by the Government. DoD regulations also require that travel claims be reviewed by appropriate officials or supervisors, and that members submit their travel claims in a timely manner. The condition was primarily caused by the Marine Corps not fully identifying the risks associated with long-term CONUS TDY reserve orders. Additionally, when the Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN (MRA)) extended the duration of per diem orders from the JFTR 180-day limitation up to 5 years, it expanded the opportunity for waste and abuse, and magnified the internal control weaknesses. As a result, from Fiscal Year (FY) 2007 through the 3rd quarter of FY 2011, the Marine Corps authorized and paid 9,289 long-term TDY CONUS reserve orders that cost an estimated \$117 million in per diem and travel entitlements without the necessary assurances to prevent waste and abuse.

Discussion of Details

Background

Under the authority of the President's 2001 Executive Order to partially mobilize DoD's Reserve Component,¹⁵ the Marine Corps ordered reserve members to active duty in support of contingency operations in Afghanistan and Iraq. The JFTR limited the maximum length of per diem travel orders to 180 consecutive days except when authorized as an exception. However, due to the length of ongoing contingency operations and the requirement for additional personnel to support those operations, ASN (MRA) issued a series of memoranda between 2001 and 2005 that extended the maximum length of per diem travel orders from 180 days to 5 years. Also, in November 2008, DoD Directive 1235.10 established the practice of incentivizing reserve members to volunteer for mobilization. DoD developed and implemented this policy intended to maximize the voluntary mobilization of reserve members.

After reserve members receive mobilization orders, with travel entitlements authorized, they arrange their own lodging accommodations. The orders require the reserve members to initially seek Government Quarters. However, if Government Quarters are unavailable during the period of duty, reserve members acquire commercial or residential

¹⁵ Executive Order 13223 dated 14 September 2001.

accommodations. DoD Financial Management Regulation (FMR) require reserve members to submit travel claims at the end of each 30-day period, and a Supervisor or Authorizing Official (AO), with knowledge of the purpose and conditions of the travel claim, must review the claim for correctness and endorse the claim with a dated signature if they determined it was complete. DoD FMR also requires that Supervisors/AOs to forward the approved claims to the travel office for computation. The Marine Corps TFO verifies that claims are administratively correct. The TFO then sends the certified claims to DFAS for payment.

During our assistance on the various investigations of alleged travel claim abuses by members of the Marine Corps Reserve, we noted the following commonly occurring “red flags” within the travel claims:

- a. **Inflated Rental Amounts.** Reserve members submitted travel claims with lodging amounts that far exceeded the market rental value of the property they claimed to rent;
- b. **Luxury Rentals.** Reserve members submitted travel claims with lease agreements for excessive sized houses, apartments, and condominiums when they claimed to be the sole renters of these properties; and
- c. **Inaccurate or Conflicting Information.** Reserve members submitted documentation with their travel claims, such as lease agreements and payment receipts that often contained conflicting and inaccurate information.

In one case, a Marine Corps reservist submitted 28 travel claims for rent on a 2,450 square-foot single-family home with 4 bedrooms and 2.5 bathrooms for \$3,800 per month. However, using a reputable online real estate database service, we determined that the rental value for this property was only \$2,251 per month. Upon further review, the lease agreement did not appear professionally created and included some errors that one would not expect to find in the real estate or property management industry. For example, the word “Lessor” was incorrectly spelled “Lesser.” Furthermore, some of receipt numbers did not follow a logical sequence. NCIS later determined that this reservist likely resided within the local commuting area, changed his address to a location outside of the local commuting area that belonged to his parents, and created false lease agreements and payment receipts to obtain lodging reimbursements. They also determined that the rental property he claimed to rent was actually occupied by a friend of his, who was paying \$2,100 per month in rent. As a result, this reservist received approximately \$171,000 in potentially fraudulent per diem and BAH entitlements.

In another case, a member of the Marine Corps Reserve submitted 38 travel claims for \$3,840 per month in rent. However, NCIS determined that the rental property address and the property management company listed on the rental receipts were fictitious. As a result, this reserve member received approximately \$131,000 in potentially fraudulent per diem and BAH entitlements.

These abuses occurred because there was no formalized process in place for responsible officials to determine the reasonableness and legitimacy of these rentals.

Pertinent Guidance

JFTR, Chapter 2, paragraph U2145,¹⁶ “Time Limitations for TDY Periods,” dated 1 May 2011, limits TDY assignment at any one location to 180 or fewer consecutive days, unless the appropriate authority determines that TDY of greater than 180 days is appropriate as required by mission objectives or unusual circumstances.

JFTR, Chapter 2, paragraph U2010, “Obligation To Exercise Prudence In Travel,” dated 1 April 2011, states that “members must exercise the same care and regard for incurring expenses to be paid by the GOV’T as would a prudent person traveling at personal expense,” and that “luxury accommodations that are unnecessary or unjustified are the member’s financial responsibility.”

JFTR, Chapter 4, paragraph U4140, “Lodging When TDY At One Location For More Than 30 Days,” dated 1 April 2011, states that “if a traveler is TDY at one location for more than 30 days, lodging reservations should be made on a weekly, monthly, or other long-term basis, if possible.”

DoD FMR 7000.14-R, Volume 9, Chapter 5, paragraph 050201, “Temporary Duty Travel, Accountable Official Responsibilities” dated October 2010, requires accountable officials involved in the travel management process within an organization to implement controls to minimize opportunities for erroneous payments. These positions shall be designated in writing, which include the authorizing official, accountable official, and certifying official.

DoD FMR 7000.14-R, Volume 9, Chapter 8, “Processing Travel Claims, Other Than DTS,” dated August 2011:

- a. **Paragraph 080402, “Authorizing Official Responsibilities,”** requires the authorizing official to confirm the authorized travel and when reviewing and signing travel claims, to ensure that all amounts claimed are accurate, required documents are attached, and all expenses claimed are authorized and allowable.
- b. **Paragraph 080403, “Review of Travel Claims”** requires the AO or Supervisor knowledgeable of the purpose and conditions of the travel claim prepared by the traveler to review, sign, and date all travel claims and forward them to the travel office for computation.
- c. **Paragraph 080501, “Temporary Duty (TDY) and Permanent Duty Travel (PDT) Claims,”** requires travelers who are on extended TDY of over 45 days to submit travel claims within 5 working days after each 30-day period.

¹⁶ This guidance was moved to paragraph U2230, 1 April 2012.

Audit Results

We found that the Marine Corps did not properly manage long-term CONUS TDY reserve orders. Specifically, our audit work identified internal control weaknesses related to payment for seemingly imprudent lodging accommodations; improper endorsements and late submission of travel claims; and continued use of antiquated policy that increased the risk associated with TDY orders over 180 days. The following sections detail our audit results in these areas.

Prudent Lodging Accommodations

The Marine Corps paid for lodging claims in which lodging accommodations appeared to be imprudent. JFTR, paragraph U2010, states that “A member must exercise the same care and regard for incurring expenses to be paid by the GOV’T as would a prudent person traveling at personal expense. Excessive costs, circuitous routes, delays or luxury accommodations that are unnecessary or unjustified are the member’s financial responsibility.” The JFTR also suggests that reserve members should make long-term lodging reservations while on TDY orders for more than 30 days when possible.

To detect incidences of potential excessive lodging, we judgmentally selected 50 high-risk reserve TDY orders that were ongoing between FY 2007 through the 3rd quarter of FY 2011 and greater than 30 days in duration.¹⁷ We considered orders as “high-risk” based on the top 15 individuals who received the most travel-related entitlements, orders that included the 10 highest paid travel claims, and orders that included the same addresses used by other reserve members (see Exhibit A for detailed discussion of judgmental sampling methodology).

Of the 708 travel claims associated with these orders, we determined that 365 included the maximum allowable lodging rate for the TDY location, totaling \$1.7 million in lodging reimbursements. Because lodging expenses were maximized for orders that were for over 30 days in duration, this could suggest that these members did not exercise prudence by attempting to obtain reasonably priced long-term lodging, as required by the JFTR. In addition, we found the following examples of potential abuses:¹⁸

- a. A reserve member claimed to rent a 2-bedroom, 2-bathroom condominium for \$4,080 per month. However, the estimated rental value for the property was only \$1,578 per month according to a reputable online real estate database service. The lodging expenses for this property totaled approximately \$98,000 for a 24-month period. Based on the estimated rental value, the lodging expenses should have been approximately \$38,000 for the same period. Therefore, the Marine Corps reimbursed this reserve member approximately \$60,000 for imprudent lodging accommodations.

¹⁷ This only included orders at locations within CONUS and Hawaii. We used orders that were greater than 30 days in duration because this is when the traveler is encouraged to secure long-term lodging.

¹⁸ We referred these instances of potential fraud to the appropriate investigative authorities.

- b. A reserve member claimed to rent a 690 square foot, 1-bedroom, 1-bathroom condominium for \$3,800 per month. However, the estimated rental value for the property was only \$1,234 per month according to a reputable online real estate database service. The lodging expenses totaled approximately \$136,800 for a 36-month period. Based on the estimated rental value, the lodging expenses should have been approximately \$44,000 for the 36 months. Therefore, the Marine Corps reimbursed this reserve member approximately \$89,000 for imprudent lodging accommodations.
- c. A reserve member claimed to rent a 4-bedroom, 2.5-bathroom house for between \$3,850 and \$4,350 a month. However, from our research, the address claimed on the documentation submitted for this property appeared to be fictitious. Therefore, the Marine Corps reimbursed this reserve member approximately \$81,000 for lodging at a property that likely did not exist.

To determine the potential impact that maximized lodging had on the Marine Corps, we used the same statistical random sample above of the 175 ongoing long-term orders and found that 593 of the 821 of the associated travel claims included lodging expenses in CONUS and Hawaii between FY 2007 and the 3rd quarter of FY 2011. Of those, 190 included the maximum allowable lodging rates. Therefore, we estimate that 32 percent of TDY travel claims that included lodging expenses, maximized lodging, and cost the Marine Corps an estimated \$42.2 million during this period (see Exhibit A for detailed discussion of statistical random sampling methodology).

This occurred because the Marine Corps used per diem entitlements as an incentive to maximize the voluntary mobilization of their reserve members, as permitted by DoD Directive 1235.10. In addition, the Marine Corps did not have standardized policies and procedures in place to ensure that officials only authorize the reimbursement of prudent lodging accommodations. The Marine Corps allows lodging at the maximum rate for orders of 30 days or less, however, for orders greater than 30 days, the Marine Corps should establish policies to ensure reserve members are seeking prudent long-term lodging as required by the JFTR. Any excess costs, such as luxurious accommodations, should be the member's financial responsibility.

Because the Operational Sponsor is responsible for ensuring that reserve members' orders are processed and approved in order to meet mission requirements; they possess specific knowledge of the lodging requirements, lodging availability, and the duty to be performed at the TDY location. Therefore, the Operational Sponsor should also be the AO. This individual should ensure reserve members act prudently with their selection of lodging accommodations related to long-term TDY travel and only authorize long-term residential lodging accommodations that are reasonable. Operational Sponsors should also utilize tools that will provide independent estimates of similar properties in the same area to determine the reasonable rental value for a given property to prevent certain abuses, such as inflated rental costs and luxury accommodations.

Submission of Travel Claims

We looked at a universe of 821 travel claims associated with CONUS and Hawaii long-term TDY orders that were ongoing between FY 2007 and the 3rd quarter of FY 2011. We found that 513 of the 821 travel claims processed by the Marine Corps TFO had either missing or illegible endorsements from the Supervisor and/or AO. DoD FMR requires that an AO or Supervisor with knowledge of the purpose and conditions of the travel, conduct a review of each claim. It also states that following the review, the official must sign, date, and submit all travel claims to the travel office for computation.

We evaluated the claims to determine if the Supervisor and/or AO provided a proper endorsement, and the number of days included during the period of travel claimed. The Marine Corps TFO did not maintain a list of personnel designated as the AO or Supervisor for these claims. Without a list of designated officials, the Marine Corps TFOs cannot be certain that the individuals who signed and approved reserve members' travel claims acted within the scope of their authority. As such, we considered a travel claim properly endorsed if it contained a legible signature. Based on the statistical random sampling method used above, we estimate that 62 percent of the travel claims related to ongoing long-term TDY reserve orders were not properly endorsed¹⁹ during this period (see Exhibit A for detailed discussion of statistical random sampling methodology).

Additionally, we found that 110 of the 821 travel claims were for a period of travel longer than 45 days. DoD FMR provides that in the case of extended TDY (over 45 days), the traveler must submit a claim for each 30-day period and the claim must be submitted within 5 days after each 30-day period. Based on the statistical random sampling method used above, we estimate that 13 percent of the travel claims were not submitted within the required timeframe (see Exhibit A for detailed discussion of statistical random sampling methodology).

Delinquent submission of travel claims where a member submits a claim for expenses over a longer period of time may be an indication of potential abuse. For example, one reserve member submitted a travel claim for approximately 10 months in expenses and received a payment of \$62,715 from the Marine Corps. In our opinion, based on the information available, it seems unlikely that a reserve member would pay such a significant amount of money out-of-pocket for such a lengthy period.

Proper designation of the authorized AOs and requiring them to electronically sign reserve members' travel claims as proof that they reviewed and approved the expenses claimed, would significantly decrease the risk for unauthorized approval and payment of travel claims. In our opinion, the Operational Sponsor or designate should be responsible for approving these travel claims as they would be the most knowledgeable of the purpose and conditions of the reserve members' travel.

¹⁹ This included travel claims that either had missing or illegible signatures.

Risk Associated with TDY Orders over 180 days

Beginning in 2001, ASN (MRA) began issuing a series of memoranda authorizing the use of long-term TDY orders, as permitted by the JFTR. In September 2005, the Department of the Navy (DON) authorized the use of TDY orders of up to 5 years duration in support of the Global War on Terror. Despite the seemingly reduced need for extended length TDY orders due to forces having been withdrawn from Iraq and begun to draw down in Afghanistan, the policy remained in effect. The Marine Corps continued to authorize these high-risk orders. This resulted in seemingly avoidable high TDY travel costs and increased the risk of reserve members filing fraudulent claims.

In April 2012, we discussed the authorization of long-term per diem travel orders with responsible officials at the office of the ASN (MRA). The discussion focused on the difference between the duration of per diem authorized by the JFTR (180 days) and the September 2005 ASN (MRA) memorandum (5 years). We explained that numerous claims for the reimbursement of travel costs associated with these long-term TDY orders have resulted in several criminal investigations of alleged misrepresentations by travelers.

In 2010 the Marine Corps issued policy to reduce the length of per diem mobilization orders from 5 years to 1 year. The Marine Corps expressed that this is the appropriate maximum length of time for long-term TDY orders because 1-year Permanent Change of Station orders can be more expensive than per diem orders. On 1 June 2011, the Assistant Secretary of the Army, Manpower and Reserve Affairs returned to the JFTR limit of 180 days, following an Army internal review of long-term TDY orders that revealed widespread abuse.²⁰

In our opinion, in light of the seemingly reduced need for long-term TDY orders, rescinding the memoranda that authorized CONUS TDY orders for up to 5 years duration would significantly decrease the risk of abuse. An assessment of the requirements necessary to meet mission objectives along with a cost benefit analysis of the continued use of the current DON policy, would allow for a reasonable determination of the appropriate maximum length of TDY orders beyond the JFTR limit of 180 days.

Recommendations

The Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs provided the management response to Recommendation 7, and the Commandant of the Marine Corps responded to Recommendations 8-10. Summaries of the management responses, with our comments, are with the recommendations below; the complete text of the responses is in the appendices.

²⁰ The Army Internal Review Office issued this report in October 2008.

We recommend that Assistant Secretary of the Navy (Manpower and Reserve Affairs):

Recommendation 7. Cancel/rescind all Assistant Secretary of the Navy (Manpower and Reserve Affairs) memos that authorized a temporary duty assignment at one location in excess of the Joint Federal Travel Regulations' 180-day limit and perform a study to determine whether current requirements warrant an extension of the 180-day limit.

Management response to Recommendation 7. Concur. More robust controls are required to ensure effective oversight of long-term temporary duty orders. The 5-year authority has been rescinded per "ASN (M&RA) memo dtd 10 Jun 2013" and additional oversight measures have been put in place to improve internal controls per "ASN (M&RA) memo dtd 8 Jul 2013."

Naval Audit Service comment on response to Recommendation 7. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) rescinded all memos dated between 2 November 2001 and 26 September 2005 that extended temporary duty assignment at one location in excess of the Joint Federal Travel Regulations' 180-day limit, and issued "amplifying guidance" for extending temporary duty entitlements for Active Component and Reserve Component personnel serving in support of Contingency Operations with certain restrictions. The actions taken meet the intent of the recommendation, which is considered closed.

We recommend that the Commandant of the Marine Corps:

Recommendation 8. Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors,²¹ act as Authorizing Officials, to ensure members seek prudent accommodations during long-term travel²² by authorizing lodging accommodations that are reasonable; and make travelers financially responsible for any additional amount attributable to luxurious accommodations.

Management response to Recommendation 8.

- **Promulgation of guidance:** Concur. Marine Corps management will promulgate guidance to ensure both commands and individual members execute official travel as cost effectively as possible, including maximizing available government quarters and lodging, and seeking long-term cost effective lodging when applicable and necessary.

²¹ Actions taken in response to this recommendation should apply to all reserve members on long-term CONUS TDY orders; if the duties of Operational Sponsors are limited to supporting the mobilization of Individual Augmentees, then this responsibility should be clearly assigned to an official who can provide this oversight to all other reserve members, such as the those in the Individual Ready Reserve.

²² For travel greater than 30 days.

- **Making travelers financially responsible for luxurious accommodations:** Concur “w/reservation.” Marine Corps management agrees with making travelers financially responsible in accordance with paragraph U2000-D of the Joint Federal Travel Regulations where it can be determined that the luxury accommodations are unnecessary or unjustified. However, the term “luxury accommodations” is not officially defined and is subject to interpretation. Therefore, we ask that the Naval Audit Service define or explain the term before the Marine Corps can informatively comment and act on the recommendation.

Naval Audit Service comment on response to Recommendation 8.

Action planned regarding promulgation of guidance meets the intent of that portion of this recommendation. Although the Joint Federal Travel Regulations does not clearly define the term “luxury accommodations,” the Marine Corps agreed to make travelers financially responsible for luxurious accommodations where it can be determined that such accommodations are unnecessary or unjustified, and we therefore consider this part of the recommendation closed. We suggest that the Marine Corps request further clarification on this issue from the Per Diem Travel and Transportation Allowance Committee to assist in determining, when necessary, if luxury accommodations are unnecessary or unjustified. The recommendation is considered open pending completion of promulgation of guidance, for which the Marine Corps provided a target completion date of 31 December 2013.

Recommendation 9. Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors, act as Authorizing Officials/Supervisors to review and endorse reserve members’ travel claims. Authorizing Officials should use electronic endorsements to improve the authenticity and legibility of the endorsement.

Management response to Recommendation 9. Concur. Marine Corps management will promulgate specific requirements for submission, review, and processing of travel claims, including those for extended Temporary Additional Duty periods.

Naval Audit Service comment on response to Recommendation 9.

In subsequent communication, Marine Corps management said they will implement the following actions to strengthen controls over the current manual process:

1. “Implement specific procedures to require that the Authorizing Official/Supervisor who reviews and endorses the members travel claim is a properly appointed Certifying Officer as outlined in the DODFMR Volume 5. The disbursing/finance officer will retain a copy of the appointment (DD 577) for the certifying officer in order to validate proper certification of the travel claim prior to settlement.”

2. “Include provisions to ensure proper separation of duties between clerks who assist the member in completing their travel claim and the authorizing official/supervisor who certifies the claim for payment.”
3. “Establish requirements and procedures to ensure claims are properly completed, legible (to include printed names in blocks 20.c and 21.a), include appropriate supporting documentation, and are submitted/processed in required time-frames.”
4. “Add an additional layer of oversight by adding these requirements as an item to be inspected by our Marine Corps Administrative Analysis Team (MCAAT) annually.”

Although travel claims will continue to be prepared at the Installation Personnel Administration Centers or local administrative centers, the controls cited above will help instill accountability and reduce errors and abuse in the process. Marine Corps management will be working toward a long term solution by eventually automating the process. Therefore, action planned to promulgate specific requirements for the current process meets the intent of the recommendation, which is considered open pending completion of agreed-to actions. In subsequent communication, the Marine Corps provided a target completion date of 31 October 2013.

Recommendation 10. Implement a process and provide the necessary oversight to ensure that the reserve member/traveler creates and submits their travel claims within 5 days of each 30-day period of service.

Management response to Recommendation 10. Concur. Marine Corps management will promulgate specific requirements for submission, review, and processing of travel claims, including those for extended Temporary Additional Duty periods. The target completion date is 30 September 2013.

Naval Audit Service comment on response to Recommendation 10. In subsequent communication, Marine Corps management said they will implement manual actions to strengthen controls over the current process to ensure travel claims are submitted and processed in required time-frames. The actions planned by the Marine Corps meet the intent of the recommendation, which is considered open pending completion of agreed-to actions. In the subsequent communication, the Marine Corps provided a target completion date of 31 October 2013.

Finding 3: Controls in the Marine Reserve Order Writing System

Synopsis

The Marine Reserve Order Writing System (MROWS) had excessive user accounts and, in some cases, permitted the same person to perform more than one or all of the roles necessary to authorize a reserve order. Government Accountability Office (GAO) Standards for Internal Control state that key duties and responsibilities need to be segregated to reduce the risk of error or fraud and that no one individual should control all key aspects of a transaction. Furthermore, DON's Privacy Program requires that system managers ensure safeguards are in place to protect the privacy of individuals and the confidentiality of protected personal information. The excessive user accounts and super-users²³ occurred because the Marine Corps did not have a policy requiring the limitation of MROWS users. The MROWS authorization process also did not include the necessary controls to ensure the segregation of key user roles. Excess user accounts resulted in the unnecessary exposure of reserve members' Personally Identifiable Information (PII), and left the system susceptible to error and abuse. Allowing one person to independently create, fund, and authorize orders increases the risk of abuse.

Discussion of Details

Background

MROWS is a Web-enabled application that automates the Reserve order writing process from the request for orders through the liquidation of those orders, and includes the capability to track orders throughout the process. Personnel can obtain MROWS user accounts from the Order Writing Authority²⁴ (OWA) at their work center or by contacting the MROWS help desk. The OWA is responsible for assigning the local user roles necessary to authorize orders in MROWS. The OWAs can also choose to assign "Administrative Authority" with the local user roles. Administrative Authority allows users to assign their role to others within the work center, undermining OWA's ability to control the number of local user role accounts.

The three key MROWS user roles in the order writing process are the:

1. **Requestor.** Individuals with this role have the ability to create, modify, and cancel orders;

²³ Super-users can control all key aspects of a transaction or event within a system.

²⁴ The MROWS System Administrator assigns the OWA for each MROWS work center.

2. **Fund Approver.** Individuals assigned this role are responsible for ensuring funding is available for the order and obtaining financial approval for the order; and
3. **Authenticator.** Individuals assigned this role should have “by direction”²⁵ authority and have administrative authority over the reservist. Authenticators review orders and approve or disapprove them depending on whether the reservist has met specific requirements. Authentication is the final approval in the order writing process.

Once submitted, the order request is routed to fund approval, then to authentication. A request becomes an official set of orders once it is authenticated. If travel reservations are associated with the orders, they are routed to the travel office for travel arrangements. The request is returned back to the requestor if any areas are disapproved prior to authentication.

Pertinent Guidance

GAO Standards for Internal Control in the Federal Government, dated November 1999, states the following:

- a. **Segregation of Duties.** “Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.”
- b. **Access Restrictions to and Accountability for Resources and Records.** “Access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. Periodic comparison of resources with the recorded accountability should be made to help reduce the risk of errors, fraud, misuse, or unauthorized alteration.”

Secretary of the Navy Instruction 5211.5E, “The Department of the Navy’s Privacy Program,” dated 28 December 2005, states that “DON activities shall establish appropriate administrative, technical and physical safeguards to ensure that the records in every system of records are protected from unauthorized alteration or disclosure and that their confidentiality is protected.”

²⁵ Individuals with “by direction” are delegated authority to sign certain documents.

Audit Results

MROWS Access/User Roles

MROWS work centers had excessive user accounts; including some where individuals performed multiple roles. The GAO Standards for Internal Control states that access to resources and records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained. Furthermore, it states that key duties should be segregated to reduce the risk of error or fraud, and that no one individual should control all key aspects of a transaction. DON's Privacy Program requires activities to take the necessary steps to safeguard personal information from unauthorized disclosure, such as reserve members' social security number, date of birth, physical and e-mail addresses, phone numbers, and information on their dependents. Therefore, only responsible officials should be designated as the OWA at each work center and issue user accounts only to the appropriate individuals who are qualified to perform these functions. The number of user accounts should be limited and inactive accounts should be periodically purged.

To determine if the Marine Corps had sufficient controls over user accounts in MROWS, we obtained the User Role List for December 2011 from the Manpower Information Systems Support Activity, and selected nine work centers for review. We also determined how many people at each reserve center held all three roles (super-users) and how many inactive accounts there were. The results are shown in Table 1 below:

Table 1: User Roles Assigned at Nine MROWS Work Centers in December 2011

Work centers	OWA	Requestor	Fund Approver	Authenticator	Super-Users	Inactive Accounts
Marine Corps Base Kaneohe Bay	0 ²⁶	11	10	0	0	0
I Marine Expeditionary Force	10	41	5	2	2	5
Reserve Support Unit Camp Pendleton	1	22	10	1	1	1
Reserve Support Unit Miramar	1	15	12	0	0	0
Reserve Support Unit Quantico	0	29	1	1	1	1
II Marine Expeditionary Force	1	2	0	1	0	3
Marine Corps Base Camp Lejeune	17	8	2	0	0	3
Reserve Support Unit Camp Lejeune	8	30	0	0	0	6
Cherry Point	8	2	0	0	0	1
Totals:	46	160	40	5	4	20

²⁶ Users at the work centers with no OWA likely obtained the necessary user roles from the MROWS help desk.

Based on our review, we determined that there were excessive user accounts as of December 2011. The Marine Corps did not establish any criteria to limit user roles for MROWS. However, we reviewed the Navy's user role criteria²⁷ for their order writing system during a separate audit that included a similar review.²⁸ Therefore, we applied the Navy's user role criteria as a guideline for determining the appropriate number of user roles within the individual work centers for the Marine Corps. These limits are intended to reduce the risk of abuse in the order writing system and to protect personally identifiable information. The following is a discussion of the OWA and key user role accounts:

- **Order Writing Authority.** We found that four of the nine work centers had more than two OWA accounts. Excessive OWA accounts pose a risk to the system because personnel can gain or award user roles to anyone, including those of poor character or not qualified to perform these functions. Work centers with too many personnel with key user roles put the order writing system at risk because users had the ability to manipulate the order authorization process. In our opinion, the Marine Corps should reduce the number of OWA accounts to two per work center (one primary and an alternate) and this function should only be assigned to high ranking officials who are responsible for the day-to-day management of the work center.
- **Requestor.** The user role lists for 9 MROWS work centers contained a total of 160 Requestor accounts. Among 7 of these work centers, there were 156 Requestor accounts, with an average of 22 for each center. Excessive Requestor accounts can pose a risk because: (1) the process of authorizing all orders in MROWS starts with the requestor; (2) requestors have the ability to change address information, or otherwise modify orders, affecting reserve members' per diem eligibility and housing allowances; and (3) requestors have access to reserve members' personal information. Therefore, this user role should only be designated by the OWA and limited based on the workload of the work center to minimize abuse and better control access to reserve members personal information.
- **Fund Approver.** The user role lists for the 9 MROWS work centers contained 40 Fund Approvers. Among 4 of these work centers with more than 2 fund approver accounts, there were 37 fund approver accounts. The fund approver is responsible for ensuring funding and obtaining financial approval for each order. Manpower Management and Force Augmentation is responsible for approving funding for reserve mobilization orders in support of contingency operations, while local commands are responsible for approving funding for reserve activation

²⁷ Commander, Navy Reserve Forces Command Instruction 1571.1C

²⁸ Audit report N2011-0017, "Navy Reserve Southwest Region Annual Training and Active Duty for Training Orders," dated 19 January 2011.

orders in support of other operations for the active and reserve components. We found that personnel could obtain the role of fund approver directly from the MROWS help desk, or from an OWA at the work center. To prevent abuse, this user role should only be designated by the work center's OWA and assigned to personnel who have the necessary background or training in financial management. Also, in our judgment, this role should be limited to one primary and one alternate per work center.

- **Authenticator.** The user role lists for the nine MROWS work centers reviewed contained five Authenticators. The Marine Force Reserve command authenticates orders in support of contingency, active component, and reserve component operations. Based on Marine Corps Order 1001.59A,²⁹ this function should be performed by the Marine Force Reserve command and done at local work centers only when processing orders for Selected Marine Corps Reserve (SMCR) units. In the case of SMCR units, the OWA at the local work center should limit and closely manage the Authenticator role to ensure that only qualified and authorized personnel receive the “by direction” authority necessary for this role. In our opinion, the Marine Corps should determine if these authenticators are needed to process orders for SMCR units and if not, remove these accounts all together.

We determined that personnel were assigned multiple roles, including some that had all three key user roles. Personnel with all three key roles, or “Super-Users,” could independently issue orders. We also looked for accounts that were inactive for more than 1 year. From our review of the nine work centers, we found the following:

- **Super-Users.** We determined that four users had all three key roles. The GAO Standards for Internal Control in the Federal Government states that “no one individual should control all key aspects of a transaction or event.” Unauthorized super-user accounts present a very high risk of abuse based on their ability to perform all functions within the system.
- **Users with Multiple Roles.** We determined that 40 users had both the Requestor and Fund Approver roles, and 1 user had both the Authenticator and Fund Approver roles. GAO Standards for Internal Control in the Federal Government states that, “Key duties and responsibilities need to be divided among different people to reduce the risk of error or fraud.” These roles should be segregated so that personnel are not performing more than one of the functions for the same set of orders.
- **Inactive Accounts.** We determined that 20 MROWS user accounts were inactive for over a year.³⁰ In our judgment, this length of inactivity demonstrated that the MROWS user lists were not sufficiently managed, and idle accounts were not

²⁹ MCO 1001.59A: “Active Duty for Operational Support in Support of the Total Force,” 19 January 2011.

³⁰ As of 15 December 2011, these accounts were inactive for over a year.

deactivated. Performance of periodic reviews of the user accounts would ensure that inactive accounts are deactivated. Inactive accounts posed a risk to the system because personnel that are no longer with a unit could access the personally identifiable information for members of that unit, and could execute functions necessary to authorize orders.

Excessive user accounts present a significant risk to the order writing process within MROWS and exposed the Marine Corps to errors and abuse. This occurred because the Marine Corps did not have any formalized procedures or written policy for the management of user roles and the maintenance of accounts within MROWS. This contributed to an environment where MROWS work centers assigned a widely varying, and sometimes excessive, number of key user roles within the system. Establishing effective controls over the number of user accounts within MROWS will significantly reduce the risk of error and abuse.

Segregation of Duties

The Marine Corps did not ensure that there was proper segregation of duties in the processing of reserve orders. Key duties should be segregated to reduce the risks of error or abuse, and so that no one individual can control all key aspects of a transaction. Proper segregation of duties will ensure that no one person can have total control over a process, thus reducing the risk of abuse. To determine the impact that segregation of duties within MROWS had on Marine Corps Reserve orders, we reviewed 175 randomly selected orders.³¹ We assessed the key user roles for each order to determine if personnel performed more than one function in processing reserve orders.

Based on our review of the 175 orders selected in our statistical random sample above, we found that 52 of them had 1 person performing at least 2 of the 3 roles, either on the original order or on the modifications. We categorized the results by order type in Table 2:

³¹ Orders in excess of 30 days with duty performed within CONUS and Hawaii, and ongoing between FY 2007 and 3rd quarter 2011.

Table 2: Segregation of Duties in Orders

Non-Segregated Duties	ADOS CO	ADOS RC	ADOS AC	MED	Total
Requestor and Fund Approver	2	5	2	0	9
Requestor and Authenticator	18	16	1	2	37
Authenticator and Fund Approver	1	2	0	0	3
Super-Users	1	2	0	0	3
Totals:	22	25	3	2	52

Acronyms:

ADOS CO – Active Duty for Operational Support – Contingency Operations

ADOS RC – Active Duty for Operational Support – Reserve Component

ADOS AC – Active Duty for Operational Support – Active Component

MED – Medical Hold

Based on these results, we estimate that 5,453 of the 18,245 orders processed in MROWS during FY 2007 through the 3rd quarter FY 2011, or 30 percent, were authorized without full segregation of the key user roles (see Exhibit A for detailed discussion of statistical random sampling methodology). This occurred because the Marine Corps did not have any policy or process requiring the segregation of duties for the key user roles in MROWS.

Actions Taken to Strengthen Controls

During our audit, the Marine Corps recognized the need to segregate the roles of Requestor and Authenticator. In August 2011, the MROWS System Administrators implemented an internal control that prevented Requestors from authenticating the same orders they requested. This action addressed the risks associated with super-users, so that one person could no longer control all aspects of the order writing process in MROWS. In our opinion, further strengthening of the reliability of order authorizations could be achieved by implementing controls to segregate the duties of each key user role. The following scenarios describe the potential risks associated with not segregating all of the key roles of Requestor, Fund Approver, and Authenticator:

- Requestor and Fund Approver.** Combining the Fund Approver role with the Requestor role can present a risk because a user with both roles could create a set of orders, manipulate address information to a higher BAH area, maximize the funding for the order, and then route the orders to the Authenticator. If there are no hard holds,³² and funding is available, the Authenticator would have no reason to reject the order. If the Authenticator rejects the order, the Authenticator would

³² The system also routes requests to Reservations, Security, and Reserve Affairs Waivers, unless there is a “hard hold” on orders to that reservist. Hard holds are system-initiated obstacles to authorizing orders, e.g. outdated physical health assessment or outdated civilian employment information. All hard holds must be taken care of by the authenticator before any other routings.

then return the orders to the Requestor, who, also serving as the Fund Approver could simply adjust and return them.

- **Fund Approver and Authenticator.** Combining these two roles presents a risk because the Fund Approver reviews and obtains funds, while the Authenticator reviews and authorizes the order. GAO Standards for Internal Control in the Federal Government states that the responsibilities of authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets should be separated. Therefore, the same person that would obtain the funds would also be able to authorize the order.

As demonstrated, all three user roles should be independently performed by separate personnel to ensure that orders are properly authorized, and to minimize the risks of errors or abuse.

Recommendations

We recommend that the Commandant of the Marine Corps:

Recommendation 11. Establish policy and provide oversight to limit the number of user accounts in the Marine Reserve Order Writing System and ensure they are current. At minimum, this guidance should include the following:

1. Direct the System Administrator to assign one primary and one alternate Order Writing Authority for each work center, who will be responsible for assigning and controlling local user accounts.
2. Require the Order Writing Authority to limit the number of Requestors based on the workload of the work center.
3. Require the Order Writing Authority to limit the number of Fund Approvers at their work center to two personnel who have the necessary background or training in financial management to perform this function.
4. Require the Order Writing Authority to perform a semi-annual review of work center user roles and purge inactive accounts.
5. Require that only the Order Writing Authority establish local user accounts, and discontinue the help desk's practice of granting Marine Reserve Order Writing System user accounts.
6. Disallow the practice of assigning "Administrative Authority" to users.

Management response to Recommendation 11. Concur. Marine Corps management will promulgate policy to address Marine Reserve Order Writing System access and user roles:

11.1. The Order Writing Authority function was removed from each work center on 26 July 2013. All new access to the Marine Reserve Order Writing System will be authorized by the Marine Corps Pay Directorate Division, who will require and maintain System Authorization Access Request Forms for each user.

11.2. The number of Requestors will be regulated and assigned based upon the workload of the work center. The actual metric will be determined as part of a detailed review of the Marine Reserve Order Writing System order writing process.

11.3. The number of Fund Approvers will be regulated and assigned based upon the workload of the work center. The actual metric will be determined as part of a detailed review of the Marine Reserve Order Writing System order writing process.

11.4. Semi-annual review of accounts will be performed starting in August 2013.

11.5. All new access to the Marine Reserve Order Writing System will be authorized by the Marine Corps Pay Directorate Division, who will require and maintain System Authorization Access Request Forms for each user. Discussions regarding the function of the Help Desk in granting access will be addressed with MARFORRES G-1.

11.6. The function of assigning “Administrative Authority” to users was disabled on 26 July 2013.

Naval Audit Service comment on response to Recommendation 11.

Actions taken and planned meet the intent of the recommendation and its parts. Action has been completed for parts 11.1, 11.4, and 11.6. In subsequent communication, the Marine Corps provided an interim reporting date of 31 January 2014 for parts 11.2, 11.3, and 11.5 because a final target completion date has not been determined. The recommendation is open pending completion of agreed-to actions on those parts of the recommendation.

Recommendation 12. Establish policy and implement controls to prevent the same users from performing more than one of the three essential roles within the Marine Reserve Order Writing System.

Management response to Recommendation 12. Concur. Marine Corps management will promulgate policy to implement a 3-way separation of the three essential roles with certain exceptions considered.

Naval Audit Service comment on response to Recommendation 12. Action planned meets the intent of the recommendation, which is considered open pending completion of agreed-to action. In subsequent communication, the Marine Corps provided an interim reporting date of 31 January 2014 because a final target completion date has not been determined.

Section B:

Status of Recommendations

Recommendations							
Finding ³³	Rec. No.	Page No.	Subject	Status ³⁴	Action Command	Target or Actual Completion Date	Interim Target Completion Date ³⁵
1	1	15	As the chair of the Per Diem, Travel and Transportation Allowance Committee, provide the necessary oversight to ensure that the Joint Federal Travel Regulations, paragraph U7150, is revised to clearly show that the reserve members' primary residence will determine travel entitlements and their Place Entered Active Duty will determine transportation cost.	U	Deputy Assistant Secretary of Defense, Military Personnel Policy		03/31/2014
1	2	15	Submit a proposal to the Per Diem, Travel and Transportation Committee to revise the Joint Federal Travel Regulations, paragraph U7150 to clearly show per diem eligibility to be based on the reserve members' primary residence and transportation costs to be based on their Place Entered Active Duty.	C	Commandant of the Marine Corps	04/03/12	
1	3	16	Amend Marine Corps Administrative Message 305/08, Section 6, to issue policy consistent with the Joint Federal Travel Regulations by stating that Basic Allowance for Housing payments be based on the location of the reserve members' primary residence instead of their Place Entered Active Duty.	O	Commandant of the Marine Corps	12/31/13	

³³ / + = Indicates repeat finding.

³⁴ / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

³⁵ If applicable.

Recommendations							
Finding ³³	Rec. No.	Page No.	Subject	Status ³⁴	Action Command	Target or Actual Completion Date	Interim Target Completion Date ³⁵
1	4	16	Update policy and provide oversight to remove the reserve members' ability to change their Primary Mailing Address via the Marine Online Web site, and establish controls to limit personnel authorized to make these changes to responsible officials, such as the Operational Sponsors for Individual Mobilization Augmentation members, and the responsible official at the Marine Forces Reserve for members of the Individual Ready Reserve.	O	Commandant of the Marine Corps		01/31/14
1	5	16	Promulgate policy and provide oversight to ensure that responsible officials, such as the Operational Sponsors, verify reserve members' primary residences to determine per diem eligibility upon activation for new orders, including back-to-back orders, as well as any modifications made to existing orders extending the reserve members' service time. At a minimum, the reserve member should provide a lease agreement or mortgage bill, and utility bills to establish their primary residence.	O	Commandant of the Marine Corps	12/31/13	
1	6	17	Establish system controls to ensure that personnel cannot change reserve members' addresses in the Unit Diary without proper address validation.	O	Commandant of the Marine Corps		01/31/14
2	7	25	Cancel/rescind all Assistant Secretary of the Navy (Manpower and Reserve Affairs) memos that authorized a temporary duty assignment at one location in excess of the Joint Federal Travel Regulations' 180-day limit and perform a study to determine whether current requirements warrant an extension of the 180-day limit.	C	Assistant Secretary of the Navy (Manpower and Reserve Affairs)	07/08/13	

Recommendations							
Finding ³³	Rec. No.	Page No.	Subject	Status ³⁴	Action Command	Target or Actual Completion Date	Interim Target Completion Date ³⁵
2	8	25	Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors, act as Authorizing Officials, to ensure members seek prudent accommodations during long-term travel by authorizing lodging accommodations that are reasonable; and make travelers financially responsible for any additional amount attributable to luxurious accommodations.	O	Commandant of the Marine Corps	12/31/13	
2	9	26	Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors, act as Authorizing Officials/Supervisors to review and endorse reserve members' travel claims. Authorizing Officials should use electronic endorsements to improve the authenticity and legibility of the endorsement.	O	Commandant of the Marine Corps	10/31/13	
2	10	27	Implement a process and provide the necessary oversight to ensure that the reserve member/traveler creates and submits their travel claims within 5 days of each 30-day period of service.	O	Commandant of the Marine Corps	10/31/13	

Recommendations							
Finding ³³	Rec. No.	Page No.	Subject	Status ³⁴	Action Command	Target or Actual Completion Date	Interim Target Completion Date ³⁵
3	11	35	<p>Establish policy and provide oversight to limit the number of user accounts in the Marine Reserve Order Writing System and ensure they are current. At minimum, this guidance should include the following:</p> <ol style="list-style-type: none"> 1. Direct the System Administrator to assign one primary and one alternate Order Writing Authority for each work center, who will be responsible for assigning and controlling local user accounts. 2. Require the Order Writing Authority to limit the number of Requestors based on the workload of the work center. 3. Require the Order Writing Authority to limit the number of Fund Approvers at their work center to two personnel who have the necessary background or training in financial management to perform this function. 4. Require the Order Writing Authority to perform a semi-annual review of work center user roles and purge inactive accounts. 5. Require that only the Order Writing Authority establish local user accounts, and discontinue the help desk's practice of granting Marine Reserve Order Writing System user accounts. 6. Disallow the practice of assigning "Administrative Authority" to users. 	O	Commandant of the Marine Corps		01/31/14
3	12	36	<p>Establish policy and implement controls to prevent the same users from performing more than one of the three essential roles within the Marine Reserve Order Writing System.</p>	O	Commandant of the Marine Corps		01/31/14

Exhibit A:

Scope and Methodology

Our audit focused on Marine Corps Reserve orders to active duty that were in progress during Fiscal Year (FY) 2007 through the 3rd quarter 2011. The Marine Corps authorized these orders to support contingency, Active Component, and Reserve Component operations. This audit was conducted between 30 March 2011 and 2 July 2013.

We reviewed audit reports issued by the Naval Audit Service, Department of Defense Inspector General, and General Accountability Office, and found that there were no reports published in the past 5 years covering mobilization orders, therefore no follow up was required.

We met with stakeholders at Headquarters Marine Corps, Manpower and Reserve Affairs and at the Marine Forces Reserve Command to discuss policies that governed mobilization orders, the process of authorizing mobilization orders, and known challenges to the proper authorization and payment of the orders.

We discussed the mobilization of reserve members with the Reserve Liaison Officer at Marine Corps Forces, Pacific and several Operational Sponsors (responsible for coordinating the mobilization of reserve members suitable to augment active duty forces).

We examined the process by which the Travel Finance Office certified reserve members' travel claims for payment, and we evaluated the controls in place to ensure the proper payment of claims for reimbursement. We discussed the vulnerabilities of the travel process with senior personnel at the Travel Finance Office, and the difficulties of reimbursing travelers in accordance with travel regulations.

We obtained a master data file from a System Administrator of the Marine Reserve Order Writing System. We confirmed that the file answered our request, and tested the data against documentation contained in the Electronic Document Access (EDA) system to verify the reliability. We found that the MROWS appears to be reliable.

Judgmental Sampling Methodology. We judgmentally selected 50 orders greater than 30 days in duration and reviewed their related travel claims to test for indicators of abuse using the following criteria:

- We selected 36 orders based on the top 15 individuals who received the most travel-related entitlements during the audited period, and reviewed the travel claims associated with them. The following table ranks individuals who received the most money for CONUS travel between FY 2007 through the 3rd Quarter FY 2011:

Table 3: Highest Travel-Related Entitlements for Period

Rank	Total Amount of Disbursements
1	\$292,999.18
2	\$280,169.14
3	\$268,334.80
4	\$246,481.30
5	\$248,483.60
6	\$262,688.58
7	\$253,403.11
8	\$250,512.50
9	\$204,012.94
10	\$236,587.02
11	\$230,285.05
12	\$204,657.06
13	\$226,745.06
14	\$218,730.31
15	\$222,113.38
TOTAL:	\$3,646,203.03

- We selected 10 orders based on those with the 10 highest paid travel claims and reviewed the travel claims associated with them. The following table ranks individual travel claims with the largest travel disbursement paid during the period of FY 2007 through the 3rd Quarter FY 2011:

Table 4: Highest Paid Travel Claims

Rank	Amount of Disbursement
1	\$65,024.00
2	\$62,966.04
3	\$62,715.00
4	\$58,379.91
5	\$49,020.94
6	\$38,890.00
7	\$37,240.87
8	\$36,868.50
9	\$33,942.07
10	\$33,282.86
TOTAL:	\$478,330.19

- We also selected 4 orders based on individuals who used the same home address on their orders and reviewed the travel claims associated with them.

Statistical Random Sampling Methodology. The Naval Audit Service statistician selected a clustered sample³⁶ of orders and vouchers with clusters based on Social Security number. The sample included 109 individuals associated with 195 orders. The sample was selected from 10,032 individuals identified as having at least 180 days of continental U.S. orders between FYs 2007 and 3rd quarter 2011. During our review of the statistical sample, we identified permanent change of station orders and orders where the majority of the travel was outside the United States. We excluded these cases from the audit analyses, resulting in a final sample of 103 individuals associated with 175 travel orders and 821 vouchers.

Based on our sample results, the Naval Audit Service statistician calculated a series of projections. The projections accounted for both the removed samples and the clustered nature of the sample design.³⁷

The point estimates and the 95 percent confidence intervals for each of the projected results can be found in the table below. For example, the fourth row of the table indicates that an estimated 13 percent of claims were not submitted within the required timeframe. The 95 percent confidence interval for this projection ranges from 10 percent to 18 percent. The projections are restricted to the 10,032 individuals identified as having at least 180 days of continental U.S. orders between FYs 2007 and 3rd quarter 2011. Within this universe, the projections exclude permanent change of station orders and orders where a majority of travel was overseas.

³⁶Individuals were selected at random. The audit team then reviewed all orders and vouchers for each randomly selected individual.

³⁷The percent projections were calculated using Wald-type intervals estimated on the logit scale. The confidence interval for the dollar value projection was calculated using a bias-corrected accelerated interval based on bootstrap resampling. The bias corrected accelerated approach was used in order to account for the skewed nature of the dollar values within the sample results.

Table 5: Statistical Sampling Range

	95 Percent Lower Bound	Point Estimate	95 Percent Upper Bound
Percent of travel claims maximizing lodging out of all claims including lodging expenses	18%	32%	50%
Dollar value of lodging claims on vouchers with maximized lodging	\$21.8 million	\$42.4 million	\$75.9 million
Percent of travel claims not properly endorsed	48%	62%	75%
Percent of travel claims not submitted within the required timeframe	10%	13%	18%
Percent of orders authorized without full segregation of key user roles	21%	30%	41%
Number of orders authorized without full segregation of key user roles	3,730	5,453	7,608

Note: Intervals calculated at the 95 percent confidence level have a 5 percent risk that they will fail to contain the target universe value of interest.

Compliance with Auditing Standards. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Exhibit B:**Activities Visited and/or Contacted**

Headquarters Marine Corps, Manpower and Reserve Affairs, Quantico, VA

- Manpower Management and Force Augmentation, Quantico, VA
- Reserve Affairs, Policy, Quantico, VA
- Manpower Information, Quantico, VA

Headquarters Marine Corps, Resources Fiscal (Financial), Washington, DC

- Travel Finance Office at the Marine Forces Reserve Command, New Orleans, LA

The Marine Forces Reserve Command, New Orleans, LA

Reserve Liaison Officers and Operational Sponsors at:

- 1st Marine Expeditionary Force, Camp Pendleton, CA
- Marine Corps Forces, Pacific, Camp H.M. Smith, HI
- Marine Corps Air Station Miramar, San Diego, CA

Reserve Support Units at:

- Marine Corps Base, Quantico, VA
- Marine Corps Base, Camp Pendleton, CA
- Marine Corps Air Station Miramar, San Diego, CA

Installation Personnel Administration Centers at:

- Marine Corps Base, Quantico, VA
- Marine Forces Reserve Command, New Orleans, CA

Defense Travel Management Office, Alexandria, VA

The Office of the Assistant Secretary of the Navy, Manpower and Reserve Affairs, Washington, DC



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3280 RUSSELL ROAD
QUANTICO, VIRGINIA 22134-5103

IN REPLY REFER TO
7510
MM
28 Aug 13

From: Deputy Director, Manpower Management Division
To: Commandant of the Marine Corps (DMCS)

Subj: NAVAL AUDIT SERVICE DRAFT AUDIT REPORT N2011-NMC000-0105,
LONG-TERM TEMPORARY DUTY ORDERS FOR MARINE CORPS RESERVES
PERFORMING DUTY WITHIN THE CONTINENTAL UNITED STATES AND
HAWAII, DATED 2 JULY 2013

Ref: (a) Naval Audit Service [REDACTED] email of 19 Aug 13

Encl: (1) Marine Corps Response Clarification

1. In response to the reference, our comments on each of the questions are contained in the enclosure. The USMC response contains the supporting agency comments that were solicited as part of the Service review.

2. The NAS requested clarification on Service responses to recommendations 5, 8, 9, 10, 11 and 12. The NAS also requested comments regarding the recent ASN (M&RA) memos pertaining to the cessation of the authorization of the 5 year per diem receipt, as well as clarification between the internal comments. They were initially included to show that these initiatives and recommendations are complicated and require detailed coordination with multiple agencies to effect the changes. In this response, those inter-service comments have been removed to preclude any confusion regarding the official USMC response.

3. My point of contact is [REDACTED], [REDACTED] or phone [REDACTED] DSN [REDACTED].

FOIA (b)(6)

FOIA (b)(6)



FOIA (b)(6)

**NAVAL AUDIT SERVICE (NAS) DRAFT REPORT DATED 2 JULY 2013
PROJECT # N2011-NMC000-0105**

**“LONG-TERM TEMPORARY DUTY ORDERS FOR MARINE CORPS RESERVES PERFORMING
DUTY WITHIN THE CONTINENTAL UNITED STATES AND HAWAII”**

**UNITED STATES MARINE CORPS COMMENTS
TO THE NAS RECOMMENDATIONS**

NAS recommends that the Commandant of the Marine Corps:

RECOMMENDATION 2: Submit a proposal to the Per Diem, Travel and Transportation Committee to revise the Joint Federal Travel Regulations, paragraph U7150 to clearly show per diem eligibility to be based on the reserve members' primary residence and transportation costs to be based on their Place Entered Active Duty.

USMC RESPONSE: Concur. DC M&RA (MP) recommended JFTR change (MAP 52-12E) was already submitted for consideration and approval by the Military Advisory Panel (MAP). Final vote on that MAP item is held in abeyance pending DOHA appeals on several PLEAD cases to inform USMC way ahead. Estimated completion is TBD as it is predicated on the final actions by DOHA.

RECOMMENDATION 3: Amend Marine Corps Administrative Message 305/08, Section 6, to issue policy consistent with the Joint Federal Travel Regulations by stating that Basic Allowance for Housing payments be based on the location of the reserve members' primary residence instead of their Place Entered Active Duty.

USMC RESPONSE: Concur. DC M&RA (MP) will coordinate the appropriate agency staffing of the proposed changes to MARADMIN 305/08 and release accordingly. From initial staffing, review and issuance, the estimated time to publish this policy is approximately 3 months to all stakeholders for comment and legal review. This initiative is expected to commence within the next 30-60 days. Recommendation #3 and #5 are linked and comprehensive policies to address both these recommendations can be concurrently staffed.

RECOMMENDATION 4: Update policy and provide oversight to remove the reserve members' ability to change their Primary Mailing Address via the Marine Online (MOL) Web site, and establish controls to limit personnel authorized to make these changes to responsible officials, such as the Operational Sponsors for Individual Mobilization Augmentation members, and the responsible official at the Marine Forces Reserve for members of the Individual Ready Reserve.

USMC RESPONSE: Concur. DC M&RA (MI) cites it can limit the self-serve address change capability to regular Active Duty and Unit Diary capability. Any address changes would have to be made via the Marine Forces Reserve Installation Personnel Administration Center (IPAC). Marine Reserve Order Writing System (MROWS) has the ability to manually overwrite the MCTFS address as well. A Marine Corps Pay Requirements Directorate (MCPRD) in Kansas City, MO has been established and management controls are in place to limit the number of users who could effect this change in MROWS. A System Authorization Access Request (SAAR) form is required to access MROWS. MP and RA will work with MI to create Service policy to support the system changes through their chain of command for review and for final approval from Marine Corps Individual Reserve Support Activity (MCIRSA) for IMA or IRR Marines and the Personnel Officer/Site Commander for SMCR Marines for final approval. Additionally, all substantiating documentation should be uploaded to the MOL EPAR highlighting any changes to their primary residence which would change their BAH rate to reflect the new zip code locality rate.

RECOMMENDATION 5: Promulgate policy and provide oversight to ensure that responsible officials, such as the Operational Sponsors, verify reserve members' primary residences to determine per diem

Encl (1)

eligibility upon activation for new orders, including back-to-back orders, as well as any modifications made to existing orders extending the reserve members' service time. At a minimum, the reserve member should provide a lease agreement or mortgage bill, and utility bills to establish their primary residence.

USMC RESPONSE: Concur. DC M&RA (MP) will coordinate the appropriate agency staffing of the proposed changes to policy and release accordingly. From initial staffing, review and issuance, the estimated time to publish this policy is approximately 3 months to all stakeholders for comment and legal review. This initiative is expected to commence within the next 30-60 days. Recommendation #3 and #5 are linked and comprehensive policies to address both these recommendations can be concurrently staffed.

NAS Question: Recommendation 5: the main response to this recommendation by DC M&RA (MP) addresses this recommendation. However, some of the responses by the stakeholders are conflicting. We agree with P&R's response to this recommendation that the address validation process should be implemented while action on the JFTR is pending.

USMC Additional Response: DC M&RA (MP) is the lead to initiate any policy regarding this recommendation. DC M&RA (MP) will take into consideration the other stakeholder recommendations, but ultimately it will be a DC M&RA (MP) decision regarding the specifics that are entailed in the policy direction and implementation.

RECOMMENDATION 6: Establish system controls to ensure that personnel cannot change reserve members' addresses in the Unit Diary without proper address validation.

USMC RESPONSE: Concur. DC M&RA (MI) cites that Unit Diary Manpower Integrated Personnel System (UDMIPS)/MCTFS currently has system controls (2 person certification) in place, however DC M&RA will need to define what constitutes "proper address validation" for system input. M&RA (RA and MP) will take the service lead to establish policy/procedures that clearly defines "proper address validation"; i.e., lease, mortgage, etc. Once established, DC M&RA (MI) will identify proper reporting instructions within the MCTFS Personnel Reported Instructions Manual (PRIM). As previously stated, a helpdesk for UDMIPS and MROWS has been established at the MISSA and MCPRD in KC with management controls are in place to limit the number of users. A SAAR form is required to access the system.

RECOMMENDATION 8: Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors, act as Authorizing Officials, to ensure members seek prudent accommodations during long-term travel by authorizing lodging accommodations that are reasonable; and make travelers financially responsible for any additional amount attributable to luxurious accommodations.

USMC RESPONSE: DC M&RA (MP) divides this recommendation into two parts as the Service has two comments regarding this recommendation:

-Concur with the Marine Corps promulgating guidance to ensure both commands and individual members execute official travel as cost effectively as possible, including maximizing available government quarters and lodging, and seeking long term, cost effective lodging when applicable and necessary. From initial staffing, review and issuance, the estimated time to publish this policy is approximately 3 months to all stakeholders for comment and legal review. This initiative is expected to commence within the next 30-60 days.

-Concur w/reservation with making travelers financially responsible. Concur with making travelers financially responsible, in accordance with paragraph U2000-D of the JFTR, where it can be determined that the luxury accommodations are unnecessary or unjustified. However, the term "luxury accommodations" is not officially defined and is subject to interpretation. Therefore we ask the Naval Audit Service to define/explain the term before the Marine Corps can informatively comment and act on NAS's recommendation.

NAS Question: Recommendation 8: Please state what oversight that will be established by the Marine Corps to ensure the policy on cost effective long term travel mentioned in your response will be carried out.

USMC Additional Response: DC M&RA (MP) is the lead as MARADMIN 413-10 is currently being re-written and staffed for release that will contain the Service per diem limits that the ASN Memo contains. This MARADMIN will answer any long-term specific travel entitlements as it pertains to the ASN Memo. That MARADMIN will provide the oversight required to promulgate Service policy. Once MCO 1001.61A (IA Policy), MCO 1001.59A (ADOS) and MCO 1001R.1K (MCRAMM) are updated with changes, they will incorporate the MARADMIN information so it is codified into Marine Corps Order.

RECOMMENDATION 9: Implement policy and provide oversight to ensure that responsible officials, such as Operational Sponsors, act as Authorizing Officials/Supervisors to review and endorse reserve members' travel claims. Authorizing Officials should use electronic endorsements to improve the authenticity and legibility of the endorsement.

USMC RESPONSE: Concur. DC P&R issued Travel Advisory Notice (TAN) 13-03 in June 2003 to address this issue. The requirements outlined therein were again clarified in TAN 12-06 released July 2006. However, both these messages are administrative and disbursing centric and in order to address individual Marines, a MARADMIN has been drafted to outline and promulgate the Marine Corps specific requirements for submission, review, and processing of travel claims, to include those for extended Temporary Additional Duty (TAD) periods. It is currently being reviewed internally by P&R (RFF) before formal staffing via MCATS. Target projected release NLT 30 September 2013.

NAS Question: Recommendation 9: Please address planned action to ensure that supervisory review signatures are legible and authentic (e.g. electronic signatures). Also, state what "responsible official" will perform the supervisory review of reservists travel claims. At minimum, this should be done by a "Supervisor knowledgeable of the purpose and conditions of the travel claim prepared by the traveler" within the command and not by an IPAC clerk. In our opinion, this should be done by a Staff NCO or higher who has oversight responsibility for the reservist.

USMC Additional Response: Headquarters, U.S. Marine Corps, Programs and Resources Department is the lead for this action. All scenarios will be reviewed, but at present the mobilized reserve Marine completes their DD Form 1351-2 (travel claim/voucher) at the IPAC or local administrative center; it is prepared and reviewed by the admin clerk for administrative accuracy, then reviewed by the clerk's SNCOIC to again ensure a second level of administrative accuracy. Once physical signatures are present, the travel claim is scanned in as a .pdf and uploaded into the Document Tracking & Management System-Travel (DTMS-T) for processing. Blocks 20.c and 21.a show the printed reviewer and approving official's name, which will support the accompanying signature. By virtue of the reviewer and approving official's signatures, they confirm the identity of the person signing as the claimant in block 20.a, even if the claimant's signature is not entirely legible. The utilization of electronic signatures will be reviewed based against current system requirements and capabilities. Access to the DTMS-T is restricted to those in the administrative and financial fields as they act upon and are involved with the creation, review and submission of the travel claims. A responsible official or supervisor outside of the IPAC/local administrative center does not have the requisite expertise to ensure accuracy of the travel claim nor possess access to DTMS-T. Without the benefit of a bona fide administrator to review the travel claim for accuracy, it will result in a higher number of those claims being returned for discrepancies, delaying payments of the JFTR entitlements. That has to be taken into consideration when, as a Service, we determine who the responsible official or supervisor assigned will be.

RECOMMENDATION 10: Implement a process and provide the necessary oversight to ensure that the reserve member/traveler creates and submits their travel claims within 5 days of each 30-day period of service.

USMC RESPONSE: Concur. DC P&R issued Travel Advisory Notice (TAN) 13-03 in June 2003 to address this issue. The requirements outlined therein were again clarified in TAN 12-06 released July 2006. However, both these messages are admin and disbursing centric and in order to address individual Marines a MARADMIN has been drafted to outline and promulgate the Marine Corps specific requirements for submission, review, and processing of travel claims, to include those for extended Temporary Additional Duty (TAD) periods. It is currently being

reviewed internally by P&R (RFF) before formal staffing via MCATS. Target projected release NLT 30 September 2013.

NAS Question: Recommendation 10: Please state what oversight will be established by the Marine Corps to ensure the policy mentioned in your response will be carried out.

USMC Additional Response: Headquarters, U.S. Marine Corps, Programs and Resources Department is the lead for this action. All scenarios will be reviewed, but at present the mobilized reserve Marine completes their DD Form 1351-2 (travel claim/voucher) at the IPAC or local administrative center; it is prepared and reviewed by the admin clerk for administrative accuracy, then reviewed by the clerk's SNCOIC to again ensure a second level of administrative accuracy. Once physical signatures are present, the travel claim is scanned in as a .pdf and uploaded into the Document Tracking & Management System-Travel (DTMS-T) for processing. Blocks 20.c and 21.a show the printed reviewer and approving official's name, which will support the accompanying signature. By virtue of the reviewer and approving official's signatures, they confirm the identity of the person signing as the claimant in block 20.a, even if the claimant's signature is not entirely legible. The utilization of electronic signatures will be reviewed based against current system requirements and capabilities. Access to the DTMS-T is restricted to those in the administrative and financial fields as they act upon and are involved with the creation, review and submission of the travel claims. A responsible official or supervisor outside of the IPAC/local administrative center does not have the requisite expertise to ensure accuracy of the travel claim nor possess access to DTMS-T. Without the benefit of a bona fide administrator to review the travel claim for accuracy, it will result in a higher number of those claims being returned for discrepancies, delaying payments of the JFTR entitlements. That has to be taken into consideration when, as a Service, we determine who the responsible official or supervisor assigned will be.

RECOMMENDATION 11: Establish policy and provide oversight to limit the number of user accounts in the Marine Reserve Order Writing System and ensure they are current. At minimum, this guidance should include the following:

NAS Question: Recommendation 11 in general: As currently written, the Marine Corps response does not adequately address establishing official policy. Please address this.

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. Currently, there does not exist written MROWS policy regarding establishing the parameters addressed in the recommendations. The creation, staffing and implementation of that policy has begun, but is a process that will involve the necessary stakeholders and eventually issuance in either a MARADMIN or MCO. This is all part of the system modifications to restrict MROWS requestors from authenticating orders they have initiated, to limiting the fund approval authorities, and the number of requestors. Due to the fact that the policy has to be codified and created, it will take coordinated efforts to accomplish within M&RA, having MI as the lead.

1. Direct the System Administrator to assign one primary and one alternate Order Writing Authority for each work center, who will be responsible for assigning and controlling local user accounts.

USMC RESPONSE: Concur. DC M&RA (MI) cites that Order Writing Authority at each work center has already been removed from the system. All new access to MROWS will be done via the Marine Corps Pay Directorate Division (MCPRD) via a formal SAAR request.

2. Require the Order Writing Authority to limit the number of Requestors based on the workload of the work center.

USMC RESPONSE: Concur. Addressed in recommendation #12.

NAS Question: Recommendation 11.2: As currently written, the Marine Corps response does not address limiting the number of MROWS order requestors (response to Recommendation 12 does not address this).

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. Inclusive to the system modifications to restrict MROWS requestors from authenticating orders they have initiated, to limiting the fund approval authorities, the number of requestors will also be addressed. That specific criterion has not been decided as it will require detailed coordination with MARFORRES and other HQMC agencies. The number of requestors will be regulated and assigned based upon the workload of the center, however what metric that will be used to decide what constitutes 1 requestor = X Marines has not been determined as part of the detailed review of the MROWS order writing process. DC M&RA (MI) cites that the system already has been modified to restrict an MROWS requestor from authenticating orders they have requested and initiated. An additional change to limit fund approval of either the requestor or authenticator will need to be implemented.

3. Require the Order Writing Authority to limit the number of Fund Approvers at their work center to two personnel who have the necessary background or training in financial management to perform this function.

USMC RESPONSE: Concur. Addressed in recommendation #12.

NAS Question: Recommendation 11.3: As currently written, the Marine Corps response does not address limiting the number of MROWS fund approvers (response to Recommendation 12 does not address this).

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. Inclusive to the system modifications to restrict MROWS requestors from authenticating orders they have initiated and limiting the number of requestors, limiting the number of fund approval authorities will also be addressed. That specific criterion has not been decided as it will require detailed coordination with MARFORRES and other HQMC agencies. The number of fund approvers will be regulated and assigned based upon the workload of the center, however what metric that will be used to decide what constitutes 1 fund approver = X Marines has not been determined as part of the detailed review of the MROWS order writing process. Some commands may require only one, while others may require two.

4. Require the Order Writing Authority to perform a semi-annual review of work center user roles and purge inactive accounts.

USMC RESPONSE: Concur. DC M&RA (MI) confirmed with the MCPRD that there will be a semi-annual review of the accounts with the first review to start in August 2013.

5. Require that only the Order Writing Authority establish local user accounts, and discontinue the help desk's practice of granting Marine Reserve Order Writing System user accounts.

USMC RESPONSE: Concur. DC M&RA (MI) cites that all new access to MROWS will be done via the MCPRD via a formal SAAR request. Discussions regarding the MROWS Help Desk User Roles will be addressed with MARFORRES G-1.

NAS Question: Recommendation 11.5: The general response from DC M&RA (MI) conflicts with the MFR response. The response to recommendation 11.1 states "All new access to MROWS will be done via the Marine Corps Pay Directorate Division (MCPRD) via a formal SAAR request." In our opinion, MROWS access should be limited and closely controlled by a responsible entity. Please clarify if this will be done by MCPRD or the MROWS help desk.

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. MI will coordinate with MARFORRES; however the final decision regarding the utilization of the SAAR and MCPRD is a DC M&RA (MI) decision. At present, all new access to MROWS will be done via the MCPRD via a formal SAAR request. As with any policy implementation, there will be other agencies that may not agree with that COA, but ultimately subordinate commands must adhere to HQMC directives.

6. Disallow the practice of assigning "Administrative Authority" to users.

USMC RESPONSE: Concur. DC M&RA (MI) cites that this capability has already been removed from the system.

NAS Question: Recommendation 11.6: The response from MFR states that the OWA will approve and submit SAARs to the MROWS help desk, which seems to conflict with the response to Recommendation 11.1, which indicates that the OWA function has been removed from the system. Please clarify.

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. MI cites that the Order Writing Authority at each work center has already been removed from the system. All new access to MROWS will be done via MCPRD via a formal SAAR request. That was MARFORRES' desire, however DC M&RA (MI) is the decision authority and as with any policy implementation, there will be other agencies that may not agree with that COA, but ultimately subordinate commands must adhere to HQMC directives.

RECOMMENDATION 12: Establish policy and implement controls to prevent the same users from performing more than one of the three essential roles within the Marine Reserve Order Writing System.

USMC RESPONSE: Concur. DC M&RA (MI) cites that the system already has been modified to restrict an MROWS requestor from authenticating orders they have requested and initiated. An additional change to limit fund approval of either the requestor or authenticator will need to be implemented.

NAS Question: Recommendation 12: The general response from DC M&RA (MI) conflicts with the MFR and MM responses. Please clarify.

USMC Additional Response: DC M&RA (MI) is the lead for this recommendation. There are situations where small I-I staffs or sections will require an exception to policy regarding the assignment of roles. MI cites they will take into consideration these recommendations, but the final decision rests with DC M&RA (MI) and if no waivers will be authorized, then commands will have to adjust local processes/procedures based on the Service policy guidance/direction. The MARFORRES and MM comments were based on current operational requirements as they exist in their admin sections today.

ADDITIONAL TECHNICAL COMMENTS: Regarding the NAS comment pertaining to the ASN Per Diem Memo:

NAS Comment: "As you may know, the ASN (M&RA) rescinded the memos authorizing TDY up to 5 years and reinstated the JFTR 180-day limit. However, the recommendations still pertain to long term TDY travel for ADOS AC and ADOS RC orders, as well as any future contingencies that may arise." The following USMC comment is provided:

USMC Additional Response: There are in fact three separate ASN Memo's regarding per diem that have been released over the last six weeks; ASN (M&RA) memo dtd 10 Jun 13, ASN (M&RA) memo dtd 8 Jul 13, and ASN (M&RA) memo dtd 20 Aug 13.

The ASN Per Diem memos authorize the Service to approve per diem funded orders for RC personnel for up to 24 months through the end of FY14. Any request to exceed 12 months, not to exceed 24 months, requires General Officer approval and the Service has internal procedures that require the DC M&RA (a Lieutenant General) decision on any per diem request over 12 months. Beginning in FY15, those extended authorities are removed and revert back to the original pre-OCO provisions in the JFTR. As a general rule, any length of orders exceeding six months is regarded as long-term and due to the fact that the ASN Memo does allow for the additional per diem through the end of FY14, long-term considerations have to be taken into account. Service policy still has to be defined and codified through the end of FY14. A new MARADMIN is currently being written and staffed for release that will contain the Service per diem limits that the ASN Memo contains and will cancel MARADMIN 413-10. DC M&RA (MP) is the lead agency for that action.

Appendix 2:

Management Response from Assistant Secretary of the Navy for Manpower and Reserve Affairs



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1300 NAVY PENTAGON
WASHINGTON, D.C. 20380-1200

JUL 31 2013

MEMORANDUM FOR AUDITOR GENERAL, NAVY AUDIT SERVICE

Subj: REPOSE TO FINDING 2, RECOMMENDATION 7 OF LONG-TERM TEMPORARY DUTY ORDERS FOR MARINE CORPS RESERVES PERFORMING DUTY WITHIN THE CONTINENTAL UNITED STATES AND HAWAII (DRAFT AUDIT REPORT N2011-NMC000-0105)

Ref: (a) ASN(M&RA) memo dtd 10 Jun 2013
(b) ASN(M&RA) memo dtd 8 Jul 2013
(c) JFTR U2145

1. Having thoroughly reviewed your draft report, I concur with your overall assessment in Finding 7 that more robust controls are required to ensure effective oversight of long-term temporary duty orders.
2. The Marine Corps has increased oversight requirements which has reduced the number and duration of long-term temporary duty orders. The 5-year authority has been rescinded per reference (a) and additional oversight measures have been put in place to improve internal controls per reference (b). The authority for long-term temporary duty at one location greater than the 180 days remains in place, per reference (c).
3. I appreciate your efforts and we will continue to work with the Services to ensure necessary authorities and controls are in place to support on-going requirements and provide stewardship of taxpayer resources. My point of contact in this matter is [REDACTED]

[REDACTED]
Deputy Assistant Secretary of the Navy
(Reserve Affairs & Total Force Integration)

Copy to:
HQMC DC M&RA
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FOIA (b)(6)

FOIA (b)(6)



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(MANPOWER AND RESERVE AFFAIRS)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JUL 8 2013

MEMORANDUM FOR CHIEF OF NAVAL OPERATIONS
COMMANDANT OF THE MARINE CORPS

Subj: Amplifying Guidance for Extending Contingency TDY Entitlements

Ref: (a) ASN (M&RA) memo dtd 10 Jun 2013
(b) JFTR U7150
(c) JFTR U2230
(d) USD (P&R) memo dtd 15 Mar 2007
(e) JFTR U4605 (formerly U4800)

References (a) through (c) provide guidance and policy related to the authorization of per diem/actual expense authorization (AEA), in excess of 180 days in one geographic location, for Reserve Component (RC) on active duty and Active Component (AC) in support of contingency operations consistent with reference (d). The following amplifying policy is provided to ensure these personnel are appropriately supported.

- a. For AC and RC personnel, receipt of the incidental expenses (IE) portion of per diem for temporary duty up to 730 days in one location is authorized where meals and lodging are provided by the government and when the Combatant Command (COCOM) Commander/Joint Task Force (JTF) Commander has implemented an IE rate pursuant to section B2a(2)(b) of reference (e).
- b. Payment of per diem/AEA in excess of 180 days, for up to 365 days at one location in support of contingency operations pursuant to reference (c) may continue for Active Component for whom orders have already been issued. Future authorization of per diem/AEA up to 365 days at one location in support of contingency operations for Active Component with an initial start date in FY13, FY14 or FY15 is authorized.
- c. The termination date as outlined in reference (a) for payment of per diem/AEA for existing active duty 10 U.S.C. 12302 or 12301(d) orders in excess of 365 days, in support of contingency operations, may be extended up to September 30, 2014 upon General Officer, Flag Officer, or Senior Executive Service (GO/FO/SES) approval. Authorization for payment of per diem/AEA to personnel on 12302 and 12301(d) orders in support of contingency operations may be extended up to 730 days total time at one geographic location with GO/FO/SES approval. To prevent gapped billets resulting from delay of planned relief, extension of billet requirements, or similar unforeseen circumstances, further extensions for payment

of per diem/AEA not to exceed a total of 90 additional days for 12302 and 12301(d) orders in support of contingency operations at one location may be granted with GO/FO/SES approval.

It is expected that there may be specific missions, locations or situations where mission accomplishment or unusual circumstances require payment of per diem/AEA beyond that authorized by this memo and reference (a). In those cases, a written request and justification for the specific mission, location or situation should be expeditiously sent to this office, in accordance to references (b) and (c), via Chief of Naval Personnel (OPNAV N1) for Navy or Deputy Commandant/M&RA for Marine Corps. Point of contact for Active Component is Commander [REDACTED] Office of the Assistant Secretary of the Navy (Manpower and Reserve Affairs), at [REDACTED]. Point of contact for Reserve Component is Commander [REDACTED] Office of the Assistant Secretary of the Navy (Manpower and Reserve Affairs), at [REDACTED].

[REDACTED]

Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

Copy to:
HQMC DC M&RA
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FOIA (b)(6)

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DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(MANPOWER AND RESERVE AFFAIRS)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JUN 10 2013

**MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS
CHIEF OF NAVAL OPERATIONS**

Subj: Extending Contingency TDY Entitlements

- Ref: (a) ASN(M&RA) memo dtd 2 Nov 2001
(b) ASN(M&RA) memo dtd 17 Jun 2002
(c) ASN(M&RA) memo dtd 30 Jul 2003
(d) ASN(M&RA) memo dtd 10 Jun 2004
(e) ASN(M&RA) memo dtd 26 Sep 2005
(f) JFTR U7150
(g) JFTR U2230

In support of the continuing nature of operations surrounding the Global War on Terrorism (GWOT), certain mobilized personnel were identified to remain on active duty beyond their original two-year mobilization orders. These volunteers were transitioned from mobilization under 10 U.S.C. 12302 to voluntary active duty under 10 U.S.C. 12301(d). The authorities provided in reference (a) through (e) extended payment of per diem to a maximum of 1826 days for Reservists on active duty and active duty personnel reassigned in support of said operations.

Due to reduced GWOT support requirements and the current austere fiscal environment, the authorities provided in references (a) through (e) are hereby rescinded. Reserve Component member travel pays shall be made in accordance with reference (f) and revisions below. Payment of per diem/actual expense authorization (AEA) for existing active duty 12302 or 12301(d) orders, in support of contingency operations, in excess of 365 days shall terminate on, or before, September 30, 2013. Future authorization of per diem/AEA for active duty 12302 or 12301(d) orders, in support of contingency operations, in excess of 180 days, but not more than 365 days, must have General Officer, Flag Officer, or Senior Executive Service approval. Extensions authorizing per diem beyond 365 days for existing, or future, active duty 12302 or 12301(d) orders, in support of contingency operations, through Fiscal Year (FY) 2014 must be approved through my office. In FY 2015, all extensions to active duty 12302 or 12301(d) orders authorizing per diem in excess of 180 days must be approved through my office.

Active duty travel pays for support to contingency operations shall be made in accordance with reference (g).



FOIA (b)(6)

cc:
HQMC DC (M&RA)
NI

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