United States General Accounting Office

GAO

Report to the Honorable Jesse Helms
United States Senate

September 1986

FREQUENT FLIERS

Use of Airline Bonus Awards by AID Employees

Released

RESTRICTED—Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.

GAO/NSIAD-86-217

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-220542

September 26, 1986

The Honorable Jesse Helms
United States Senate

Dear Senator Helms:

On November 29, 1985, we provided you with a report on the use of airline bonus coupons and privately funded travel by employees of the Agency for International Development (AID) (GAO/NSIAD-86-26). By letter dated January 21, 1986, you requested answers to a series of 10 additional questions about these travel practices at AID. On April 4, 1986, we reported on questions three, four, and nine of your January 21 request. This report responds to questions one and five of that request. As arranged with your office, we will report to you at a later date on the remaining five questions.

Questions one and five concern AID procedures for controlling and using bonus flight coupons received by employees from the airlines in conjunction with official travel. In our November 29 report, we included information obtained from AID on improper use of airline bonus awards for personal trips by four Agency employees. You questioned whether there were additional cases of improper use of the bonus coupons at AID and requested us to assess the extent of any such improper use.

We were unable to fully assess the extent to which AID travelers may be improperly using airline bonus awards earned on official business for personal travel, because the airlines do not provide government agencies with information on bonus awards earned by employees performing official travel. AID was able to identify the four instances of improper use of bonus awards only because the employees made their arrangements for personal trips through the same travel agent that arranges official travel by Agency employees.

The major U.S. air carriers used by AID headquarters employees for international travel are Pan American World Airways, Trans World Airlines (TWA), and Eastern Airlines. We requested the three air carriers to advise us whether 50 AID employees who travel overseas often on official business were members of the carriers' frequent flier programs and, if so, to provide details on bonus awards earned and redeemed by these employees.

The airlines refused our request, stating that their policy was to release information on frequent flier programs only to the individuals involved. TWA and Eastern each stated that the only exception to this policy is when a subpoena is issued for the information. We have no authority to issue subpoenas to these airlines for details on bonus awards earned and redeemed by AID employees.

While we could not fully assess how AID employees are using bonus awards, Agency records and contact with travelers disclosed 11 [redacted] bonus awards for upgraded flight accommodations. This use of awards was based on interpretation of existing government rules. One employee improperly used bonus awards to pay for travel by a family member who accompanied him on official trips. Many employees were accumulating or had accumulated mileage to pay for future official trips or upgraded accommodations, and others had not joined frequent flier programs. These matters are summarized below and details are presented in appendix I.

Airline Bonus Awards

In 1981, the major U.S. airlines instituted a marketing tool referred to as frequent flier programs. These programs entitle a person who travels regularly on the same airline to accumulate miles for bonus awards, such as free trips and upgraded flight accommodations. Awards are issued upon request of the traveler. A traveler generally must submit an application to participate in a frequent flier program. A few airlines charge a fee to enroll, but most do not. Many airlines require that bonus awards be used only by the person enrolled in the frequent flier program or by a person traveling with the program member. The awards generally are not transferable to other persons.

Comptroller General Decisions and Government Regulations

In July 1981, the Comptroller General held that airline promotional awards received by a federal employee traveling on official business incident to and on the basis of purchasing an airline ticket are the property of the U.S. government. These promotional awards must be accounted for by federal employees and may not be retained by employees for personal use. In October 1983, the General Services Administration (GSA) referred to the Comptroller General's decision in publishing regulations for disposition of promotional material obtained by government employees on official travel. In February 1984, the Comptroller General confirmed application of the July 1981 rule to

bonus travel awards but permitted use of these awards by employees for free accommodation upgrades, such as to first class, for government-purchased tickets. During March and April 1984, AID issued instructions to employees for implementing our decisions and GSA regulations.

AID International Travelers

In fiscal year 1985, 598 AID headquarters employees made international trips to conduct official business; 395 employees made one trip, 106 made two trips, and 97 made three or more trips. Many of these employees also made domestic trips to conduct Agency business and these trips were considered in our review. Information on international trips by AID overseas employees was not readily available in Washington and thus was not included in the review.

We reviewed travel records for 50 headquarters employees, 48 of whom each made three or more international trips in fiscal year 1985 and 2 who each made two trips. We identified 9 employees as members of frequent flier programs; 8 had joined Pan Am's WorldPass Frequent Traveler program and one was enrolled in TWA's Frequent Flight Bonus program. Between April 1984 and March 1986, all 9 employees redeemed bonus awards for use in conjunction with official travel. Seven employees redeemed awards to pay for all or portions of official trips; one of the seven redeemed awards to pay for two trips, for a total of eight free or partially free official trips. Two employees used bonus awards to upgrade accommodations to first class for official trips.

We could not determine from AID records how many of the remaining 41 employees were members of frequent flier programs. It appeared, however, that 34 of these employees traveled often enough on the same airlines to make it worthwhile for them to be members. Also, 5 of the 9 known members of frequent flier programs traveled often enough on other airlines to warrant membership in a second program.

We followed up with 20 AID frequent travelers to find out whether they were program members, and if so, how any bonus awards were used. All 20 employees responded to our inquiry; 17 said that they were members of one or more frequent flier programs.

- One redeemed bonus awards for two official trips. These trips were made after we completed our review of AID records.
- One redeemed a bonus award so that a co-worker could accompany him on an official trip at no cost.

- One used an award to upgrade his accommodation to business class for an official trip.
- One improperly redeemed bonus awards to enable a family member to travel with him on three official trips free or at reduced rates. AID intends to collect the value of these improperly used awards from the employee.
- Thirteen were accumulating or had accumulated sufficient mileage for future official trips or upgraded accommodations.

Conclusions

Savings to the government have been attained by AID employees who joined frequent flier programs and used bonus awards to pay for official travel. Additional savings can be attained in the future by these and other AID frequent travelers. AID should encourage all employees who travel often to take advantage of savings in travel costs available to the Government through their participation in frequent flier programs.

The use of bonus awards by AID employees to upgrade flight accommodations was based on the employees' and Agency officials' interpretation of the Comptroller General's February 1984 decision. That decision permitted the acceptance of certain no-cost benefits, such as free accommodation upgrades offered by a frequent flier program. The decision did not specifically address accommodation upgrades obtained by redeeming accumulated mileage awards; however, it was not our intent for employees to redeem mileage awards for upgrades without prior government approval.

Since we have not previously addressed this specific question and there appears to be considerable misunderstanding over the intended meaning of our 1984 decision, we do not believe that the AID employees acted improperly in redeeming mileage for accommodation upgrades. GSA may want to consider clarifying on a governmentwide basis the rules for redeeming accumulated mileage for benefits offered incident to frequent flier programs.

Views of Agency Officials

AID officials stated that they will continue to encourage employees who travel often to participate in frequent flier programs and remind them about restrictions governing use of bonus awards earned on official travel. AID will develop criteria, such as number of travel hours, for approving upgrades from economy to business class. Upgrades to first

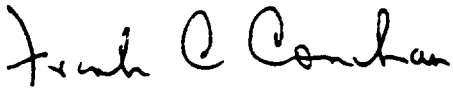
class accommodations will be approved only in the limited circumstances now required for first class travel, such as the traveler's physical disability. GSA officials agreed to consider whether governmentwide regulations for redeeming airline bonus awards for upgraded accommodations should be clarified.

We made our review, in accordance with generally accepted government audit standards, from February to August 1986 at AID headquarters in Washington, D.C. We examined travel records for 50 AID headquarters employees and reviewed AID and GSA regulations and Comptroller General decisions dealing with accountability for airline bonus awards. We discussed the operations of frequent flier programs with U.S. air carriers.

We did not obtain formal agency comments on this report, but did receive oral comments from AID and GSA officials and considered them in preparing the report.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of issue. At that time, we will send copies to the Chairmen, Senate Committee on Foreign Relations, House Committee on Foreign Affairs, Senate Committee on Governmental Affairs, House Committee on Government Operations, House and Senate Committees on Appropriations; the Director, Office of Management and Budget; the Administrator, AID; the Administrator of General Services; and other interested parties.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

Contents

Letter 1

Appendix I
Airline Bonus Awards to Frequent Travelers 8

Pan Am 8
TWA 9
Eastern 9
Comptroller General Decisions and Government Regulations 10
AID International Travelers 12
Review of Records and Followup Work 15
Views of Agency Officials 17

Tables

Table I.1: International Flights by 50 AID Employees April 1, 1984 - March 31, 1986 12

Abbreviations

AID	Agency for International Development
GSA	General Services Administration
TWA	Trans World Airlines

Airline Bonus Awards to Frequent Travelers

In 1981, the major U.S. airlines initiated frequent flier programs which entitle persons who travel regularly on the same airline to accumulate miles for bonus travel. The more a person travels, the more mileage that person accumulates for free trips or free upgraded flight accommodation. Awards for trips or upgrades are not issued automatically by the airlines. Travelers may request an award or continue to accumulate mileage for a more valuable award.

Participation in a frequent flier program generally is not automatic and requires the traveler to submit an application to the airlines. A few airlines charge a fee to enroll, but most do not. Many airlines require that bonus awards be used only by the person enrolled in the frequent flier program or by a person traveling with the program member. The awards generally are not transferable to other persons. The airlines periodically issue statements to members showing bonus miles accumulated toward award of free tickets or upgraded accommodations and bonus mileage redeemed for such awards. The airlines do not provide this information to employers of the travelers.

From April 1984 through March 1986, Pan Am, TWA, and Eastern were the airlines used most often by AID headquarters employees for international travel.

Pan Am

Pan Am charges a fee of $25 a year for enrollment in its WorldPass Frequent Traveler program. It credits members for the actual mileage flown, plus 25 percent additional mileage for flying business class and 50 percent for flying first class. Members are credited with 5,000 miles annually for enrolling in the Frequent Traveler program. In addition, Pan Am gives special mileage credits from time to time throughout the year. Pan Am credits members with mileage for flights on Republic Airlines and for mileage equivalents of certain hotel and car rental expenses. Credits accumulated on Pan Am in 1984, 1985, and 1986 may be used for flights in the Pacific and North America on United Airlines.

Examples of 1986 WorldPass bonus awards for round-trip travel on Pan Am between North America and Europe and mileage that must be accumulated to receive the awards are as follows.

- Upgrade to business class for the price of any unrestricted full-fare economy class ticket (10,000 miles).
- Free economy class ticket for Monday to Thursday travel (40,000 miles).

- Free economy class ticket for travel on any day of the week (50,000 miles).

WorldPass awards may be assigned to a traveling companion only when the program member has purchased a ticket on Pan Am.

TWA

TWA does not charge a fee to enroll in its Frequent Flight Bonus program. It credits members with actual mileage flown and gives 25 percent extra mileage for flying business class and 50 percent for flying first class. Travelers are credited with 3,000 miles upon joining the program. Miles flown by program members on Eastern, Pacific Southeast Airlines, and Japan Air Lines also count, provided the mileage has not been credited by these airlines in their frequent flier programs. TWA also credits program members with mileage equivalents of certain hotel and car rental expenses.

Examples of awards available to members of TWA's Frequent Flight Bonus program and the accumulated miles needed to receive the awards are shown below.

- Upgrade to first class on a domestic trip for the price of a coach ticket (10,000 miles).
- Free first class ticket for any domestic or international travel plus an upgrade to first class for a traveling companion or for the member to use at a later date (50,000 miles).
- Two free first class tickets for around the world travel on TWA and Japan Air Lines (185,000 miles).

TWA also provides complimentary upgrades to business and first class, when seats are available, for program members whose accumulated mileage qualifies them as Gold Privilege Card travelers. Bonus awards may be used by certain relatives designated by the program member. Award travel is not permitted on certain dates of the year.

Eastern

Eastern does not charge for joining its Frequent Traveler Bonus program and credits new members with a starter bonus of 5,000 miles when they take their first flight. It credits members for actual miles flown or a minimum of 1,000 miles for each flight segment, whichever is greater. Program members are also credited with mileage flown on most domestic and international flights on TWA but the mileage cannot be combined with mileage credited in TWA's program. Eastern also gives mileage

credits for flights to Europe on Air Lingus, British Caledonian, and Scandanavian Airlines. Eastern credits program members with 1,000 miles for certain hotel and car rental expenses.

Some awards that can be earned by members of Eastern's Frequent Traveler Bonus program and the required mileage accumulations are as follows.

- Upgrade from coach to first class on a flight between locations in the United States, the Caribbean, Central America, Canada, and Mexico (10,000 miles).
- 25 percent discount on travel between the above locations (20,000 miles).
- Free coach ticket or a 75 percent discount on a first class ticket between the above locations (40,000 miles).
- Free first class ticket to any Eastern destination except London or South America (50,000 miles).

Award travel is not permitted on certain dates during the year. Eastern bonus awards are not transferable.

Comptroller General Decisions and Government Regulations

In a July 15, 1981 decision (B-199656), the Comptroller General held that airline promotional awards received by a federal employee traveling on official business incident to and on the basis of purchasing an airline ticket are the property of the U.S. government. The Comptroller General stated that:

> "it is a fundamental rule of law that a Federal employee is obligated to account for any gift, gratuity, or benefit received from private sources incident to the performance of official duty; and therefore an employee may not retain any half-fare coupon, 'bonus point', or similar item of value received from a commercial air carrier on the basis of the purchase of an airline ticket to be used for official travel."

On February 24, 1984, the Comptroller General confirmed application of the 1981 rule to bonus travel awards but permitted use of optional benefits by employees for free upgraded accommodations, such as to first class, for government-purchased tickets. 63 Comp. Gen. 229 (1984).

The bonus mileage needed to obtain optional benefits, such as upgraded flight accommodations, can be significant and has increased in recent years. In 1986, frequent fliers on Pan Am must redeem from 10,000 to 50,000 miles for an upgraded accommodation, depending on the class of

ticket upgraded, flight destination, and day of travel. In 1984 and 1985, the maximum number of miles needed for an upgrade on Pan Am was 30,000 miles.

On October 18, 1983, the General Services Administration (GSA) published regulations codifying existing government policies for travel promotion material. The regulations refer to the Comptroller General's July 1981 decision and provide that when an employee receives promotional material it shall be accepted on behalf of the United States and relinquished to an appropriate agency official.

By memorandum dated November 16, 1983, the Office of Government Ethics brought these GSA regulations to the attention of agency ethics officials. The memorandum stated that the most popular form of promotional benefits currently offered by the airlines are the "frequent flyer" bonus trips and that some government employees evidently were applying miles accrued from official travel toward personal bonus trips. Because of the confusion and controversy surrounding these benefits, the Government Ethics Office recommended that agency ethics officials ensure that employees were made aware of the GSA regulations and warned against making personal use of any travel promotional benefits received in connection with official travel.

On March 1, 1984, AID issued a General Notice to employees advising them about the July 1981 Comptroller General's decision and the October 1983 GSA regulations concerning promotion materials received in conjunction with official travel and containing the following guidance.

- Promotional materials providing for future free or reduced travel costs should be integrated into Agency travel plans to increase the benefits to the government.
- Bonus points or trips which are not transferable should be integrated into Agency plans for future official travel by the same individual.
- No employee may use promotional materials for personal benefit or for the benefit of a spouse or other family member regardless of whether or not such materials may be used by the government.
- Personal use of promotional materials received in connection with official government-funded travel could subject the individual to disciplinary action.

On April 10, 1984, AID established procedures to account for promotional materials obtained by employees in conjunction with official

travel and turned in to the Agency for future use. The traveler is given a receipt for the relinquished materials, which are kept in custody by AID's Travel and Transportation Management Division for use on future travel. AID reimburses a traveler for any fee paid to enter a promotional program once the materials turned in by the traveler have been used by the Agency. The Comptroller General's February 1984 decision permits such reimbursement. On April 18, 1984, AID informed employees of the February 1984 decision and restrictions on the use of promotional materials.

AID International Travelers

We identified 598 AID headquarters employees[1] who made international trips in fiscal year 1985 to conduct official business; 395 employees made one trip, 106 made two trips, and 97 made three or more trips. Many of these employees also made domestic trips to conduct Agency business and these trips were considered in our review. Information on international trips by AID overseas employees was not readily available in Washington and thus was not included in this review.

Three or More International Trips

We reviewed travel records for 48 headquarters employees who each made three or more international trips in fiscal year 1985 and two headquarters employees who each made two trips. We found that during the 2-year period from April 1, 1984 to March 31, 1986, the 50 travelers made 676 international flights or flight segments on U.S. airlines; 625 of these flights, or 92.5 percent, were made on three carriers: Pan Am, TWA, and Eastern. Table I.1 shows flight details.

Table I.1: International Flights by 50 AID Employees April 1, 1984 - March 31, 1986

Airline	Number of Flights	Percent of Flights
Pan Am	314	46.5
TWA	171	25.3
Eastern	140	20.7
Northwest Orient	32	4.7
Other	19	2.8
Total	**676**	**100.0**

AID travelers often fly to European cities, generally en route to the Near East, Africa, and Asia; 43 percent of the 676 flights were to European

[1] As of April 30, 1986, 2,073 persons were employed at AID headquarters in Washington and 1,437 U.S. nationals were employed by AID overseas.

destinations, including 91 to Paris, 71 to London, 51 to Rome, and 33 to Frankfurt.

Through travel records, we identified 9 of the 50 travelers as members of frequent flier programs; 8 had joined Pan Am's WorldPass Frequent Traveler program and one was a member of TWA's Frequent Flight Bonus program. Between April 1984 and March 1986, all 9 employees redeemed bonus awards for use in conjunction with official travel. Seven employees used the awards to pay for all or portions of official trips; one of the seven redeemed awards to pay for two trips, for a total of eight free or partially free official trips. Two employees used bonus awards to upgrade accommodations to first class for official trips. The free travel was to Frankfurt, Paris, Rome, Dakar, Nairobi, Manila, Mexico City, and Honolulu. One employee upgraded his flight accommodation from business to first class for travel to Frankfurt; and the other upgrade was from business to first class for travel to Paris. Both employees are senior AID officials who are authorized to travel business class on long international flights.

We could not determine from travel records how many of the remaining 41 employees were members of frequent flier programs. It appeared, however, that 34 of them traveled often enough on the same airlines to make it worthwhile for them to be enrolled. Also, 5 of the 9 known members of a frequent flier program traveled often enough on other airlines to warrant membership in a second program.

Our computations show that between April 1984 and March 1986, 39 of the 50 employees, through further membership in frequent flier programs, could have accumulated mileage ranging from 25,000 to 93,000 miles.[2] Eleven travelers accumulated more than 50,000 miles, the mileage needed for a free trip to selected European destinations.

Followup With 20 Frequent Travelers

We followed up with 20 AID employees whose travel records were reviewed to find out whether these employees were members of a frequent flier program, and if so, how they redeemed any bonus awards. In fiscal year 1985, the 20 employees made a total of 86 international trips, or 45 percent of such trips made by the 50 reviewed employees during the same year. The AID Controller's Office agreed to contact the 20 employees, and they all responded to the request for information.

[2]We believe that our mileage computations are conservative because they do not include miles earned from certain car rentals, hotel expenses, and special mileage credits given periodically by the airlines.

Seventeen employees said that they were members of one or more frequent flier programs. One employee used bonus awards for two free official trips to Europe; one trip was to Frankfurt in August 1986, and the second trip was to London en route to Yugoslavia in September 1986. A second employee redeemed bonus miles to enable a co-worker to accompany him at no cost on a business trip to Mexico. A third employee redeemed a bonus award to upgrade his accommodation from economy to business class on an official trip to Brazil. This employee was in possession of an upgrade award to business class for a trip to Europe and planned to continue using bonus awards for upgrades. A fourth employee said that bonus awards were used to enable his wife or daughter to travel with him free of charge or at reduced cost on three official trips to Africa and Europe. AID informed us that steps would be taken to collect the value of these improperly used awards from this employee.

Thirteen employees were accumulating or had accumulated sufficient bonus mileage for future free trips or upgraded accommodations and made specific comments as follows.

- The first employee who has accumulated 95,000 bonus miles since August 1984 as a member of the Pan Am Frequent Flier program said that, since Pan Am no longer flies to Asia, it was difficult for him to use earned mileage. This employee, however, plans to eventually use the bonus miles to pay for a government trip. Subsequently, the AID Controller told us that the employee had been informed that his Pan Am mileage can be used for a free trip to the Pacific on United Airlines and the employee plans to use the mileage in this way. In April and May 1984, the employee redeemed bonus awards to pay for two official trips
- The second employee was holding a 70,000 mile award from Pan Am on behalf of AID. This employee had also accrued mileage as a member of three other frequent flier programs.
- The third employee plans to use a bonus award to upgrade accommodations to first class on her next TWA domestic business trip.
- The fourth employee intends to use future bonus awards to upgrade flight accommodations to business class on official travel to Asia. The employee mentioned the long 15-hour flight from New York to Tokyo as the reason for planning to use bonus awards for upgrades.
- The fifth employee is a member of both the Pan Am and TWA programs. This employee has accumulated 43,000 miles on Pan Am and holds a TWA Gold Privilege Card; to receive this card, a person must have flown 30,000 miles on TWA over a 12-month period.

- The sixth employee, although a member of the Pan Am program, has not redeemed bonus awards because of unfamiliarity with regulations governing use of the awards.
- The seventh employee was a member of four frequent flier programs: Pan Am, TWA, Eastern, and United. He said he had no bonus awards in his possession and had not redeemed any such awards.
- The eighth employee joined the TWA Frequent Flight Bonus program in September 1985. Since joining the program, the employee has had only one trip on TWA and has not accumulated sufficient mileage for a bonus award.
- The ninth employee is a member of the Pan Am program. She did not become an AID employee until September 1985 and, since then, she has not accumulated sufficient mileage for a bonus award. Prior to September 1985, she was assigned to AID under the Intergovernmental Personnel Act. This Act permits the temporary detail of persons from state or local entities, such as universities, to government agencies. At the time of her assignment to AID, the Agency did not have a policy governing use of bonus awards earned by these personnel. In the future, AID will require persons assigned to the Agency under the Intergovernmental Personnel Act to account for bonus awards earned while traveling on Agency business in the same manner as regular employees.
- The other four employees each were accumulating mileage in frequent flier programs but had no bonus awards in their possession and had not redeemed any such awards. One employee previously redeemed a bonus award earned in another frequent flier program to pay for an official trip. One employee commented that he is aware of the regulations governing use of bonus awards earned on official travel.

Our computations show that the three employees who were not members of frequent flier programs also would have accumulated significant mileage between April 1984 and March 1986 if they had joined a program. One employee would have accumulated 61,000 miles on Northwest, the second would have accumulated 56,000 miles on TWA/Eastern, and the third would have accumulated 45,000 miles on TWA.

Review of Records and Followup Work

In summary, information obtained in followup with AID frequent travelers shows that bonus awards were used to pay for three official trips. Adding these three free trips to the eight previously identified free trips results in a total of eleven instances where AID employees redeemed bonus awards to pay for official government travel. One employee on three occasions improperly used bonus awards for personal travel by a family member. Thus, in most instances where AID employees redeemed

bonus awards, the awards were used to pay for official travel with resulting savings to the government. Also, AID employees had plans to use bonus awards to pay for two official trips to be made in the future. There could be further savings to the government if nonmembers of frequent flier programs who travel often would join these programs.

Clarification of Free Upgrade Ruling

Our followup with AID travelers disclosed one case where a bonus awar was used to upgrade flight accommodations from economy class to business class. This case plus two previously identified upgrades from business class to first class total three trips where bonus awards were used for upgraded accommodations. In two other instances, AID employees had plans to use awards for upgrades—one to first class and the other to business class.

The use of bonus awards by AID employees to upgrade flight accommodations was based on the employees' and agency officials' interpretatio of the Comptroller General's February 1984 decision. That decision permitted the acceptance of certain no-cost benefits, such as free accommodation upgrades, offered by a frequent flier program. For example, the decision allows an employee to accept a complimentary accommodation upgrade offered to holders of an airline's frequent flier card. The decision did not specifically address the redemption of mileage for program benefits, such as accommodation upgrades; however, it was not our intent to give employees the option of redeeming accumulated mileage for this purpose without prior government approval.

We believe that allowing employees to use accumulated mileage for accommodation upgrades without prior government approval would conflict with our 1981 decision and GSA's regulations. Our 1981 decision held that bonus mileage earned as a result of official travel becomes the property of the United States and must be accounted for by an employee. The GSA regulations relating to promotional material providing for future free or reduced travel costs require that these benefits "be integrated into the agency travel plans to maximize the benefit to the Government." Therefore, it is the responsibility of the agency to approve the redemption of bonus mileage for any purpose, and employees may not redeem bonus mileage for accommodation upgrades without the approval of the agency. Agencies should approve the use o bonus mileage for accommodation upgrades only upon a determination that this is compatible with the agencies' travel plans.

Since we have not previously addressed this specific question and there appears to be considerable misunderstanding over the intended meaning of our 1984 decision, we do not believe that the AID employees acted improperly in redeeming mileage for accommodation upgrades without specific AID approval. GSA may want to consider clarifying on a governmentwide basis the rules for redeeming accumulated mileage for benefits offered incident to frequent flier programs.

Views of Agency Officials

AID officials stated that they will continue to encourage employees who travel often to participate in frequent flier programs in order to save travel funds for the Agency. A general notice to this effect will be issued to employees in the near future; the notice will also remind employees about rules governing use of bonus awards earned on official travel.

In addition, AID officials said that criteria would be developed for use of bonus awards by Agency employees to upgrade flight accommodations from economy to business class. The criteria will consider such factors as the number of hours the employee will be traveling. Business class air accommodations are approved by the Chief of AID's Travel and Transportation Management Division.

The limited conditions in which first class travel is now approved will also apply to approving upgrades to first class accommodations. These conditions include a traveler's physical disability, need for security purposes, and the unavailability of less than first class accommodations on flights that will arrive in time to accomplish the purpose of the official travel. First class travel for AID employees must be approved by the Assistant to the Administrator for Management, except for assistant administrators and above, who may approve their own travel authorizations.

GSA officials stated that, in view of the general misunderstanding of our 1984 decision, they would consider the need to clarify governmentwide regulations for redeeming airline bonus awards earned by federal employees for upgraded flight accommodations.

Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are $2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.