lodging and subsistence costs by about 200 percent. We believe that responsible military officials could have taken action to have the per diem reduced inasmuch as they had personal knowledge that the per diem substantially exceeded the lodging and subsistence expenses incurred by the individuals involved.

The Department of Defense agreed that per diem should be paid only as warranted and justified and that the findings discussed in our report had been brought to the attention of appropriate service officials. He stated further that action had been taken by all military departments to improve administrative control over travel per diem entitlements and that standardized internal audit programs would be examined and revised to direct attention to matters discussed in our report. Also the Joint Travel Regulations were revised, effective April 1, 1966, to make it clear that it is the responsibility of the local commander as well as the theater commander to initiate changes in the per diem rates when warranted.

Since October 1963, we have issued 10 reports to the Congress on unnecessary or illegal per diem payments in the military departments. The total dollar deficiency shown in these reports amounted to about $10 million. Owing to the significant deficiencies found in our reviews, we believe that the area of per diem is one requiring special and continuing attention by top management personnel of the Department of Defense and the military services to overcome the problems involved. We plan to perform additional reviews of internal controls and of the effectiveness of the corrective actions taken or proposed by the military departments.

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REVIEW OF CHARGES TO DEFENSE CONTRACTS FOR USE OF COMPANY OPERATED AND CHARTERED AIRCRAFT, DEPARTMENT OF DEFENSE

The General Accounting Office reveiwed charges to defense contracts for use of company operated and chartered aircraft.

The company aircraft operations included in our review generally have grown from small numbers of relatively inexpensive, piston aircraft to larger fleets of aircraft that include turbojet and pure jet types, the cost of which is in the millions of dollars. The number of pilots required to operate the aircraft and the cost of flight operations have increased accordingly. In addition, information supplied by the Department of the Air Force indicates that the Government's financial interest in contractor aircraft operations is vastly more than that shown in our review. According to the Air Force, companies in the United States, such as the defense contractors included in our review, are utilizing approximately 20,000 executive and business types of aircraft.

Reviews of nine defense contractors that extensively used company operated or chartered aircraft indicated that the cost of such aircraft use was substantially more than the cost of equivalent commercial air transportation.

For example, the cost of operating the five private executive aircraft of one contractor during the year reviewed was about $1 million or about six times the cost of equivalent commercial air transportation.