

March 18, 2002



# Acquisition

## Summary of DoD Travel Card Program Audit Coverage (D-2002-065)

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### **Acronyms**

APC	Agency Program Coordinator
DFAS	Defense Finance and Accounting Service
USD(C)	Under Secretary of Defense (Comptroller)



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March 18, 2002

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING  
SERVICE**

**SUBJECT: Summary of DoD Travel Card Program Audit Coverage  
(Report No. D-2002-065)**

We are providing this summary report for your information and use. We prepared this summary report in response to a Senate Committee on Finance inquiry regarding audits about the DoD travel card program. This report contains no recommendations; therefore, written comments are not required.

For additional information on this report, please contact Mr. Joseph P. Doyle at (703) 604-9349 (DSN 664-9349) (jdoyle@dodig.osd.mil) or Mr. Eric L. Lewis at (703) 604-9314 (DSN 664-9314) (elewis@dodig.osd.mil). See Appendix E for the report distribution. Team members are listed inside the back cover.

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## Office of the Inspector General, DoD

Report No. D-2002-065  
(Project No. D2002CK-0018.000)

March 18, 2002

### Summary of DoD Travel Card Program Audit Coverage

#### Executive Summary

**Introduction.** In September 2001, the Ranking Member, U.S. Senate, Committee on Finance requested details on audit reports on the use of credit cards in DoD. We prepared this summary report to provide a central repository of audit findings on the DoD travel card program and to identify misuse trends and problems. The DoD travel card program is intended to provide travelers with a safe, effective, and convenient method to pay for official travel expenses. Travel cards can be issued to individuals or groups, depending on specific Component needs. The DoD Travel Card Program Management Office stated that as of September 2001 it had about 3,600 group travel cardholders and about 1.4 million individual travel cardholders. For FY 2001, the DoD Travel Card Program Management Office stated that there were approximately 26 million transactions for \$3.4 billion (an average of \$131 per transaction).

The Under Secretary of Defense (Comptroller) is the proponent of the DoD travel card program and designated the Defense Finance and Accounting Service to manage the DoD travel card program through the DoD Travel Card Program Management Office. The Services and Defense agencies have Component program managers to implement and maintain the DoD travel card program.

**Objective.** The objective of the report was to summarize audit coverage of the DoD travel card program. See Appendix A for a discussion of the scope and methodology.

**Results.** From FY 1999 through FY 2001, DoD audit organizations issued 31 reports on the DoD travel card program. The Air Force Audit Agency issued 27 reports, the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office issued 2 reports, and the Defense Intelligence Agency Office of Inspector General issued 2 reports. All 31 reports addressed one or more of the following systemic issues:

- Management Oversight (27 reports)
- Card Use (23 reports)
- Account Reconciliation (16 reports)
- Training (16 reports)

Because of its dollar magnitude and mandated use, the DoD travel card program requires continued management emphasis, oversight, and improvement by the DoD. Independent internal audits should continue to be an integral component of management controls. For details on the reports, see the Finding section of the report.

**Recent DoD Actions.** On June 14, 2001, the Under Secretary of Defense (Comptroller) issued the memorandum, "Implementation of Changes to the Department of Defense (DoD) Travel Card Policies to Reduce Delinquency Rates," to address travel card delinquency. The memorandum stated that the Defense Finance and Accounting Service and the travel card contractor signed a task order modification on April 11, 2001, to address the delinquency problem. The task order implemented new policies that encourage DoD members to pay account bills in a timely manner and reduce the financial risk to the travel card contractor.

On August 14, 2001, the Director, Defense Procurement requested that the Inspector General, DoD, provide central coordination of future purchase card audits. In response, the Inspector General, DoD, established a new audit planning subgroup on all credit cards to provide centralized oversight and monitor the audit work of the DoD audit community.

On September 21, 2001, the Under Secretary of Defense (Comptroller) issued the memorandum, "Management of the Department of Defense Travel Card," to provide new procedures and to remind travel cardholders of existing procedures to reduce delinquent accounts and card misuse. The memorandum acknowledged congressional and press criticism of poor travel card controls and stated that the levels of unpaid debt and unauthorized travel card use were unacceptable.

On November 6, 2001, the Under Secretary of Defense (Comptroller) informally issued a set of financial management metrics for evaluation. Travel card delinquency metrics are part of the financial management metrics. These metrics will be refined over the next few months.

On March 12, 2002, the Under Secretaries of Defense (Comptroller), and (Acquisition, Technology, and Logistics) issued a joint memorandum about the need for improved internal controls over the use of purchase cards to preclude fraud, waste, and abuse.

# **Table of Contents**

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<b>Executive Summary</b>	i
<b>Introduction</b>	
Background	1
Objective	2
<b>Findings</b>	
DoD Travel Card Program Audit Coverage	3
<b>Appendixes</b>	
A. Scope and Methodology	8
B. Reports on the DoD Travel Card Program	9
C. Matrix of Systemic Issues	17
D. Summary of DoD Component Responses to Under Secretary of Defense (Comptroller) September 21, 2001, Memorandum	18
E. Report Distribution	21

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## Background

In September 2001, the Ranking Member, U.S. Senate, Committee on Finance requested details on audit reports on the use of credit cards in DoD. We prepared this summary report to provide a central repository of audit findings on the travel card program and to identify misuse trends and other problems.

**Travel Card Program.** The Travel and Transportation Reform Act of 1998 mandates that all Government personnel shall use the travel card to pay official travel costs. Failure to use the travel card may subject the traveler to administrative or disciplinary action. The DoD travel card program is part of the SmartPay program.<sup>1</sup> The Under Secretary of Defense (Comptroller) [USD(C)] is the proponent of the DoD travel card program and designated the Defense Finance and Accounting Service (DFAS) to manage the DoD travel card program through the DoD Travel Card Program Management Office. The DoD Travel Card Program Management Office manages the day-to-day operations of the DoD travel card program. Additionally, the Services and Defense agencies perform daily travel card management. Specifically, the Services and Defense agencies have Component program managers to implement and maintain the DoD travel card program. The Component program managers have agency program coordinators (APCs) that execute the DoD travel card program.

**Program Guidance.** DoD Regulation 7000.14-R, volume 9, chapter 3, "DoD Financial Management Regulation," provides guidance to ensure delinquency is reduced, cardholder use is authorized, cardholders are valid, and DoD personnel are trained.

- The APC should suspend any account that is more than 60 days delinquent unless the traveler's supervisor can provide a reason not to suspend the account. Additionally, all travel cardholders must have travel orders.
- The travel card shall be used for authorized travel expenses such as lodging, rental cars, and other authorized expenses. The travel card can also be used for authorized non-reimbursable expenses that are incident to official travel, such as meals. DoD commanders and supervisors are instructed not to tolerate travel card misuse. Cardholders who misuse the card are subject to disciplinary action.
- The APC is responsible for tracking arriving and departing cardholders to ensure the validity of the organization and travel card contractor reporting information.
- The DoD Travel Card Program Management Office and the Component program managers shall ensure that APCs and cardholders are trained to use the travel card effectively.

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<sup>1</sup>The SmartPay program includes the Government purchase, travel, and fleet credit cards.

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**Travel Card Use.** For FY 2001, the DoD Travel Card Program Management Office stated that there were approximately 26 million transactions for \$3.4 billion (an average of \$131 per transaction). The DoD Travel Card Program Management Office stated that as of September 2001 it had about 3,600 group travel cards and 1.4 million individual cardholders. Group travel cards or centrally billed accounts are issued to DoD activities that choose to centrally procure airline tickets and other transportation needs for their travelers. The group delinquency rate was about 5 percent and the individual cardholder delinquency rate was about 9 percent. DoD had \$7.4 million in group travel charges that were 60 or more days overdue and \$23.1 million in individual travel charges that were 60 or more days overdue.

**Travel Card Benefits.** The DoD travel card program facilitates and standardizes travel card use. The travel card is a safe, effective, convenient, and commercially available method to pay travel expenses. Additionally, travelers may use the travel card at specified automated teller machines to obtain cash for "out-of-pocket" travel-related expenses.

**DoD Travel Card Goals.** The DoD intends to establish goals to reduce the group and individual travel card delinquency rates. When payments are made on delinquent group accounts, the travel card contractor is entitled to interest because of the Prompt Payment Act. The USD(C) stated that individual delinquent accounts are treated as private debt and could cause the travel card contractor to write off bad debt, unless salary offsets are used. Therefore, the failure to resolve delinquent accounts could result in increased future program costs.

## **Objective**

The objective of the report was to summarize audit coverage of the DoD travel card program. See Appendix A for the discussion of scope and methodology.



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## DoD Travel Card Program Audit Coverage

From FY 1999 through FY 2001, DoD audit organizations issued 31 reports on the DoD travel card program. The Air Force Audit Agency issued 27 reports, the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office issued 2 reports, and the Defense Intelligence Agency Office of Inspector General issued 2 reports. All 31 reports (see Appendix B) addressed one or more of the following systemic issues:

- Management Oversight (27 reports)
- Card Use (23 reports)
- Account Reconciliation (16 reports)
- Training (16 reports)

### Systemic Issues

We defined systemic issues as problems discussed in 10 or more reports. Appendix B lists all the reports reviewed, and Appendix C is a matrix of the systemic issues and relevant reports.

**Management Oversight.** Twenty-seven reports stated that management oversight of cardholder accounts was inadequate. As a result, some account balances remained overdue, and charges were made without appropriate documentation. Examples of problems follow.

- An APC did not provide management oversight over delinquent accounts totaling \$30,644. These accounts were up to 150 days past due (see Appendix B, report 11).
- APCs did not adequately monitor cardholder accounts to identify unauthorized transactions. For example, 9 of 30 accounts with unauthorized transactions were not identified by the APCs. Further, two cardholders with delinquent accounts older than 60 days, made unauthorized purchases with the travel card totaling \$6,388 for a computer, furniture, automotive repairs, department store items, and cash withdrawals. The APCs were not familiar with the various reports and options available to monitor accounts, and the APCs had incorrectly installed monitoring software (see Appendix B, report 22).
- An APC did not document action taken on 7 of 21 delinquent accounts because the APC was not aware of documentation and tracking requirements. Additionally, 11 cardholders made \$8,310 in unauthorized charges not supported by travel orders (see Appendix B, report 26).

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**Card Use.** Twenty-three reports disclosed that personnel misused the travel card. Examples of problems follow.

- Forty-four Air Force personnel used their travel cards for 165 unauthorized charges totaling \$11,961. Some unauthorized charges were for automated teller machine withdrawals, restaurants, hotels, and theme parks that were not incident to official travel (see Appendix B, report 1).
- Six cardholders made unauthorized travel charges totaling \$11,148, resulting in their accounts being terminated. Additionally, two of the six cardholders used the travel card exclusively in the local area for cash advances, department store purchases, and restaurant meals (see Appendix B, report 7).
- A cardholder made unauthorized charges with the travel card, and subsequently made arrangements to repay \$22,000 (see Appendix B, report 30).

**Account Reconciliation.** Sixteen reports disclosed that the APCs did not reconcile travel card accounts with personnel records. Examples of problems follow.

- Squadron APCs did not always transfer accounts to other organizations or cancel accounts when personnel left the Air Force. For example, a review of cardholder listings and personnel records indicated that 19 of 30 cardholders were no longer assigned to the base. One cardholder had purchased seven airline tickets and made local gas station charges after separating from the Air Force (see Appendix B, report 12).
- APCs at a base did not maintain accurate account listings. For example, 1,276 accounts remained open for personnel no longer assigned to the base, and 15 of the accounts had delinquent balances totaling \$9,268 (see Appendix B, report 7).
- Unit APCs did not always transfer accounts when cardholders permanently changed assignments or delete accounts when cardholders separated from Federal service. As a result, 95 of 726 cardholders were no longer with those units, and 11 of the 95 cardholders had separated from Federal service (see Appendix B, report 25).

**Training.** Sixteen reports disclosed that the APCs and travel cardholders did not receive adequate training on travel card use. Examples of problems follow.

- The wing APC did not develop and implement a formal training program prior to appointing the unit APCs. As a result, APCs and supervisors did not adequately monitor 18 delinquent accounts totaling \$17,302 because they were not aware of delinquency notification requirements (see Appendix B, report 6).

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- Nine of 10 APCs did not receive training on how to download account listings to monitor card usage. As a result of poor monitoring, 162 of 348 purchases reviewed were unauthorized (see Appendix B, report 12).
  - All cardholders did not receive recurring training to remind them of their responsibilities. Consequently, the four squadrons had \$21,852 in charges on 35 of 56 cardholder accounts that were not supported by travel orders (see Appendix B, report 27).

## **Recently Issued Guidance and Management Actions**

The USD(C) issued two memorandums during 2001 to address travel card issues, and the DoD Travel Card Program Management Office addressed travel card controls.

**June 14, 2001, Memorandum, "Implementation of Changes to the Department of Defense Travel Card Policies to Reduce Delinquency Rates."** The USD(C) informed the DoD Components that DFAS and the travel card contractor signed a task order modification on April 11, 2001, that implemented new policies to encourage DoD members to pay account bills in a timely manner and reduce the financial risk to the travel card contractor. The memorandum implemented the following policies.

- DFAS and the travel card company agreed to limit travel card possession to the Government personnel who need them. The travel card company will provide lists of infrequent travelers for the APCs to review for potential travel account cancellation or deactivation, and the cardholder's supervisor must approve cancellation or deactivation. The USD(C) stated that this has resulted in the cancellation of over 115,000 travel cards and the deactivation of an additional 112,000 travel cards.
- Travelers can elect to have the Government pay the travel card company directly.
- The travel card company can request salary offsets against travelers who are more than 90 days delinquent. The USD(C) stated that salary offsets were implemented in October 2001 and delinquent accounts totaling \$21.5 million have been identified for salary offset and \$3.1 million has been paid to the travel card contractor as of January 2002.
- The travel card company can reduce cash and credit limits; however, the APC and the supervisor can raise the limits to meet mission needs.
- APCs will notify cardholders whenever their commander is notified of a delinquency.

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The memorandum also stated that Service members and civilian employees will inprocess and outprocess through unit-level APCs, and that DoD Components should add this requirement to existing personnel transfer and separation procedures.

**September 21, 2001, Memorandum, "Management of the Department of Defense Travel Card."**<sup>2</sup> The USD(C) provided new procedures to reduce delinquent accounts and card misuse. The memorandum stated that monthly, the USD(C) would review changes in delinquent travel card debt, and each DoD Component will:

- make Command expectations clear;
- emphasize training;
- issue travel cards only when needed;
- use existing tools to identify problem accounts and notify users; and
- take appropriate action with card abusers such as counseling, written reprimand, suspension, Article 15,<sup>3</sup> court martial, removal from Federal service, or referral for fraud investigation.
- follow DoD Regulation 7000.14-R, "DoD Financial Management Regulation," volume 9, chapter 3, and the General Services Administration pamphlet, "But I Didn't Know...Now You Do." Both provide guidance on appropriate travel card use.

The memorandum directed each Component to provide evidence by November 15, 2001, that it had implemented these new procedures, to include:

- copies of guidance issued to prevent travel card abuse and delinquencies and
- a description of the programs and procedures to conduct internal reviews.

DoD Component responses to the September 21 memorandum received by December 2001 are summarized in Appendix D.

**Management Actions.** The Travel Card Program Management Office is addressing controls relating to the use of the travel card by personnel no longer in Federal service. DFAS will forward a request to the contractor and the DoD pay systems to determine if a cost effective software interface can be developed to ensure that personnel who are dropped from the pay system no longer have active travel card accounts. Terminal leave is a known limitation to this control because a cardholder can use accrued leave before formally leaving Federal service.

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<sup>2</sup>This is a followup to the June 14, 2001, memorandum.

<sup>3</sup>An Article 15 is a form of non-judicial punishment for military personnel.

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The Travel Card Program Management Office stated that cardholders only use vendors that have travel-related merchant category codes. The approved merchant category codes are for:

- lodging,
- rental car,
- transportation,
- restaurants,
- medical, and
- limited dollar purchases in retail stores.

## **Conclusion**

The USD(C) is aware of travel card problems disclosed in the audits and has taken steps to address them. The USD(C) acknowledged that the Congress and the press were critical of the lack of controls over the DoD travel card program. Also, the USD(C) intends to capture and monitor travel card metrics. These changes are positive steps towards correcting the problem. Because of its dollar magnitude and mandated use, the DoD travel card program remains an area needing continued emphasis, oversight, and improvement. Independent internal audits should continue to be an integral component of management controls.

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## Appendix A. Scope and Methodology

This report summarizes DoD travel card program audit coverage from FYs 1999 through 2001. We identified 31 reports issued by the Air Force Audit Agency, the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office,<sup>4</sup> and the Defense Intelligence Agency Office of Inspector General. We did not attempt to independently validate the information in the reports. The reports and report synopses were analyzed to determine systemic weaknesses.

**Use of Computer-Processed Data.** We did not use computer-processed data to perform the evaluation.

**Contacts.** We visited or contacted individuals and organizations within DoD. Further details are available upon request.

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<sup>4</sup>The Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office had not compiled data on Army internal review reports issued during the second half of FY 2001 that may have contained findings on the DoD travel card program.

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## Appendix B. Reports on the DoD Travel Card Program

### Air Force Audit Agency

These reports are available on the Air Force Audit Agency home page at <http://www.afaaf.hq.af.mil/>

**1. Report No. WS001076, "Government Travel Card Program 188th Fighter Wing Air National Guard Fort Smith AR," August 20, 2001.** Forty-four personnel used their travel cards while not in official travel status for 165 unauthorized charges totaling \$11,961. Some charges were for automated teller machine withdrawals, restaurants, hotels, and theme parks. New cardholders did not understand when to use the travel card. Further, the APC did not receive training on duties and responsibilities when the previous APC left the unit. The report recommended that the commander ensure that questionable transactions are researched, monthly reviews are performed, and APCs are trained. Management concurred with the recommendations.

**2. Report No. DE001029, "Government Travel Charge Card Program 16th Special Operations Wing Hurlburt Field FL," July 30, 2001.** Numerous Hurlburt Field cardholders misused their travel cards. The travel histories showed that 14 of 36 randomly selected individuals used their travel cards while not in official travel status. The report recommended that the APC emphasize correct travel card usage, report misuse, determine cardholder account status, and review the cardholder account listing. Management concurred with the recommendations.

**3. Report No. WS001071, "Government Travel Card Program 189th Airlift Wing Air National Guard Little Rock AFB AR," July 26, 2001.** Cardholders misused their travel cards. For example, 60 of 736 cardholders made 335 unauthorized charges. Also, the APCs did not close 41 accounts of personnel who were reassigned to another unit, and the APCs did not properly update and maintain the cardholders' accounts. Misuse went undetected because APCs did not receive the necessary training to prevent and detect abuse of the travel card. The report recommended that the commander provide a policy letter to the cardholders. The report also recommended that the commander provide training to the APCs to learn their duties and responsibilities. Management concurred with the recommendations.

**4. Report No. WS001070, "Government Travel Card Program 82nd Training Wing Sheppard AFB TX," July 17, 2001.** Numerous cardholders misused the travel card. Eleven individuals used the travel card without any related travel orders, and 23 individuals made purchases from merchants that appeared to be unauthorized. The report recommended that the commander provide a policy letter to the cardholders. The report also recommended that the APCs retrieve and monitor cardholder activity reports. Management concurred with the recommendations.

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**5. Report No. DH001020, "Government Travel Card Program, 101st Air Refueling Wing, Maine Air National Guard, Bangor, Maine," July 11, 2001.** The group and squadron commanders did not consistently administer appropriate or timely disciplinary action for card abuse and delinquent accounts. Also, the commanders did not consistently provide sufficient training on proper use of the travel card. The report recommended that the commander communicate regularly to the cardholders to ensure proper use of the travel card. Management concurred with the recommendation.

**6. Report No. EL001080, "Government Travel Card Program 4th Fighter Wing Seymour Johnson AFB NC," July 2, 2001.** APCs and supervisors did not adequately monitor 18 delinquent accounts totaling \$17,302 because they were not aware of delinquency notification requirements. During the audit, the wing established written policies to correct the deficiency. Cardholders misused the travel card in 5 of 615 accounts because the APC did not review accounts for unauthorized charges. Written policies were established, and management reviews were conducted to correct the deficiencies. Cardholder account listings were inaccurate for 242 of 1,595 cardholders. Management established written policies for deactivating and closing accounts and closed or transferred the 242 accounts. The wing APC had not developed a formal training program prior to appointing the unit APCs. Management established a formal APC training plan and issued a policy letter emphasizing compliance with the travel regulation. The report made no recommendations because corrective actions taken by management addressed the issues.

**7. Report No. DE001024, "Government Travel Charge Card Program Air Armament Center Eglin AFB FL," June 20, 2001.** The travel cardholders on Eglin Air Force Base misused the travel card. The report disclosed that 6 of 20 selected individuals used their travel card for \$11,148 in unauthorized charges resulting in their accounts being terminated. Two of the six individuals used the travel card exclusively in the local area for cash advances, department store purchases, and restaurant meals. One of the individuals was no longer in Federal service and should not have had the card. The APCs did not maintain accurate account listings. For example, 1,276 accounts remained open for personnel no longer assigned to the base, and 15 of the accounts had delinquent balances totaling \$9,268. The report recommended that the Air Armament Center APC train the unit APCs and cardholders and report misuse to the responsible unit APC. The report also recommended closing or transferring the 1,276 accounts, as appropriate, and periodically comparing personnel rosters to cardholder listings. Management concurred with the recommendations.

**8. Report No. EL001077, "Government Travel Charge Card 1st Fighter Wing Langley AFB VA," June 4, 2001.** Unit APCs did not monitor 37 delinquent accounts because the APCs were not aware of delinquency notification requirements. Also, the wing APC did not develop a formal training program for the unit APCs because the APC did not believe that the training was needed. Management took corrective action during audit fieldwork to establish policies and training. The report made no formal recommendations because corrective actions taken by management addressed the issues.



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**9. Report No. EL001071, "Government Travel Charge Card Program Headquarters Air Combat Command Langley AFB VA," May 15, 2001.** The unit APCs at the two directorates reviewed did not maintain accurate cardholder account listings for 36 of 58 cardholders reviewed. Furthermore, the unit APCs did not monitor delinquent accounts for 5 of 280 personnel. The report recommended that the unit coordinators maintain an up-to-date list of all current cardholders and their accounts. The report also recommended that the APCs periodically update the cardholder account listings. Management concurred with the recommendations.

**10. Report No. EL001067, "Government Travel Charge Card Program 65th Air Base Wing Lajes Field, The Azores, Portugal," May 7, 2001.** Accurate cardholder listings were not maintained, and delinquent accounts were not monitored. Also, the wing APC did not institute a formal training program to explain the duties and responsibilities of the squadron APCs. The report made no recommendations because corrective actions taken by management addressed the issues.

**11. Report No. EL001066, "Government Travel Charge Card Program 192nd Fighter Wing Byrd Field, Sandston VA," May 4, 2001.** The 192nd Fighter Wing did not adequately monitor the delinquent accounts totaling \$30,644, which were up to 150 days past due. As a result, cardholders misused the travel card in 12 of the 30 accounts reviewed. For example, one cardholder charged \$4,845 in airline tickets not related to official travel. In addition, transaction activities were not periodically reviewed for proper usage. The report recommended that the APCs review delinquency activity reports on a monthly basis. The report also recommended that the commander provide training to the APCs on the procedures to monitor the travel card program. Management concurred with the recommendations.

**12. Report No. WM001042, "Government Travel Charge Card Program, 60th Air Mobility Wing, Travis AFB CA," April 26, 2001.** The APCs did not properly monitor card usage because 9 of 10 APCs did not receive training on how to download and review electronic listings. As a result, 162 of 348 selected purchases were unauthorized and 2 squadron APCs made \$600 in unaccounted charges. Additionally, the squadron APCs did not always transfer accounts to other organizations or cancel accounts when personnel left the Air Force. For example, 19 of 30 statistically selected names were no longer assigned to the base. One cardholder had purchased seven airline tickets and made local gas station charges after separating from the Air Force. The report recommended training the APCs, conducting disinterested third-party reviews of squadron APCs transactions, transferring accounts to the proper organization, canceling accounts of personnel no longer in the Air Force, developing procedures to identify personnel no longer assigned to the unit, and developing a checklist for personnel transferring within the base. Also, the report recommended that squadrons issue policy letters to cardholders. Management concurred with the recommendations.

**13. Report No. EL001060, "Government Travel Charge Card Program, Aerospace Command & Control & Intelligence, Surveillance, & Reconnaissance Center Langley AFB VA," April 2, 2001.** A Langley Air Force Base cardholder made unauthorized charges. Additionally, the APC did not maintain an accurate cardholder listing or monitor delinquent accounts for

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4 of 215 personnel. The report recommended that the APCs maintain an up-to-date listing of all cardholder accounts and validate it quarterly for accuracy. Management concurred with the recommendation.

**14. Report No. EL001056, "Government Travel Charge Card Program Ninth Air Force Shaw AFB SC," March 7, 2001.** The APC did not maintain accurate cardholder listings for 550 of 1,122 cardholders or notify management when 9 accounts became delinquent. Additionally, 2 of 20 sampled cardholders misused their travel cards. The report recommended that the APCs retrieve and monitor account listings and reconcile them to the personnel rosters on a periodic basis. The report also recommended that the APCs notify the cardholders' supervisors of any delinquent accounts. Management concurred with the recommendations.

**15. Report No. EO001028, "Government Travel Card 22d Air Refueling Wing McConnell AFB KS," February 16, 2001.** The wing APCs did not maintain current account listings. A review of the personnel rosters at the four units discovered 36 current cardholders that did not appear on the account listings. The report recommended that the APCs reconcile the unit personnel rosters with the current account listings. Management concurred with the recommendation.

**16. Report No. WS001023, "Government Travel Card Program 375th Airlift Wing Scott AFB IL," December 28, 2000.** Numerous wing cardholders abused the travel card. Specifically, 3 individuals misrepresented actual cost incurred for reimbursement, at least 31 individuals used the travel card without related travel orders, and 50 individuals made purchases from merchants that appeared to be unauthorized. These misuses went undetected because APCs did not receive the necessary training to prevent and detect abuse of the travel card. Further, the APCs did not close the accounts of reassigned cardholders. The report recommended that the commander emphasize the correct usage of the travel card, train the APCs, and have the APCs periodically review and reconcile the account listings with the personnel roster. Management concurred with the recommendations.

**17. Report No. EL001033, "Government Travel Charge Card Program 18th Air Support Operations Group Pope AFB NC," December 7, 2000.** The APCs did not maintain accurate cardholder account listings for 58 of 197 cardholders. Additionally, the APCs did not prepare letters of notification and document eight accounts that were 60 days or more delinquent. Also, one travel cardholder in the sampled units misused the travel card. The report recommended that the unit supervisors provide a memorandum to the APCs notifying the actions taken for delinquent accounts. The report also recommended that the APCs maintain copies of delinquency notifications and memorandums. Management concurred with the recommendations.

**18. Report No. EL001032, "Government Travel Charge Card Program 347th Wing Moody AFB GA," December 5, 2000.** APCs and supervisors in two squadrons did not adequately monitor delinquent accounts. In addition, cardholders in each squadron misused the travel card in 13 of 260 accounts reviewed. The 13 individuals used the travel card to obtain cash advances and merchandise while not in an official travel status. Additionally, APCs in both

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squadrons did not maintain accurate cardholder listings for 129 of 638 cardholders. This occurred because the Vice Wing commander did not institute a formal APC training program until July 2000. The report recommended that the APCs notify the cardholders' supervisors when accounts become delinquent, and the supervisors notify the APCs of actions taken. The report also recommended that the APCs maintain copies of delinquency notifications and memorandums. Further, the report recommended that the APCs review the cardholders account listings and reconcile them to the personnel roster. Management concurred with the recommendations.

**19. Report No. EL001024, "Government Travel Charge Card Program 437th Airlift Wing Charleston AFB SC," November 17, 2000.** The two judgmentally selected squadrons misused the travel card. Also, only one squadron had effectively monitored all of the delinquent accounts. Prior to the audit, management had taken judicial action against two cardholders for travel card misuse. The report recommended that the APCs notify the cardholders' supervisors when accounts become delinquent, and that the supervisors notify the APCs of actions taken to control the delinquencies. Further, the report recommended that the APCs validate cardholder charges by sampling and reconciling charges found on the activity reports to the official travel orders. Management concurred with the recommendations.

**20. Report No. DH001001, "Government Travel Card Program, Electronic Systems Center, Hanscom AFB MA," November 7, 2000.** The APCs did not consistently use internal controls to effectively monitor travel card charges. This occurred because squadron APCs did not have sufficient training to use the database that would prevent and detect misuse of the travel card. The report recommended that the APCs validate cardholder charges on a monthly basis by sampling and reconciling charges found on the activity reports to the official travel orders. The report also recommended that the commander provide training to the APCs on the computer system to retrieve necessary reports. Management concurred with the recommendations.

**21. Report No. EL000113, "Government Travel Card Program 71st Aerial Port Squadron Langley AFB VA," July 25, 2000.** Squadron managers effectively managed the travel card usage. Delinquent accounts were reduced by 80 percent. However, 5 of 98 travel accounts were delinquent from 60 to 113 days. Management took action to reduce this figure during the audit. Therefore, the report made no recommendations.

**22. Report No. WP000060, "Travel Card Program 349th Air Mobility Wing Travis AFB CA," June 16, 2000.** Eleven of 30 randomly selected cardholders made unauthorized purchases. Two of the eleven cardholders made unauthorized purchases totaling \$4,434 for personal use items such as airline tickets, rental cars, and automotive repairs. In addition, 19 of 28 judgmentally selected cardholders with delinquent accounts older than 60 days made 215 unauthorized purchases. Two of the 19 cardholders had unauthorized purchases totaling \$6,388 for a computer, furniture, automotive repairs, department store items, and cash withdrawals. Additionally, the APCs did not adequately monitor cardholder accounts to identify unauthorized transactions. For example, 9 of 30 accounts with unauthorized transactions were not identified by the APCs. The APCs were not familiar with the various reports and options available to monitor accounts, and the APCs had incorrectly

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installed monitoring software. The report recommended issuing a memorandum to cardholders reminding them of the travel card terms and conditions and requiring the APCs to notify supervisors of unauthorized purchases. Also, the report recommended providing the APCs with training on the account monitoring software and installing the monitoring software correctly. Management concurred with the recommendations.

**23. Report No. EO000051, "Government Travel Card Program 5th Bomb Wing Minot AFB ND," April 28, 2000.** APCs did not always close accounts for unauthorized cardholders. A review of 50 accounts identified 2 cardholders with unauthorized travel cards, and 4 cardholders made \$806 in unauthorized charges. The APCs did not adequately monitor and control delinquent accounts. The report made no recommendations because corrective actions taken by management addressed the issues.

**24. Report No. EO000007, "Government Travel Card Program 155th Air Refueling Wing Lincoln ANG," October 29, 1999.** Personnel made one miscellaneous charge and took 16 cash advances without authorization. The report recommended that the APCs retrieve and monitor cardholder activity reports and take appropriate action for misuse. Management concurred with the recommendations.

**25. Report No. EO000005, "Government Travel Card Program 509th Bomb Wing Whitman AFB MO," October 8, 1999.** Unit APCs did not always transfer accounts when cardholders permanently changed assignments or delete accounts when cardholders separated from Federal service. As a result, 95 of 726 cardholders were no longer with those units, and 11 of the 95 cardholders had separated from Federal service. This occurred because APCs did not receive sufficient recurring guidance. The report recommended updating account listings, training the APCs, and reviewing account listings periodically for discrepancies. Management concurred with the recommendations.

**26. Report No. WH099007, "Government Travel Card Program 634th Air Mobility Support Squadron, Anderson AFB Guam," December 9, 1998.** Squadron personnel misused their travel cards. This occurred because the cardholders did not receive sufficient recurring guidance on the appropriate uses for the card. For example, 11 travel orders did not support \$8,310 in charges. Also, departing members did not receive a proper briefing on the use of travel cards while in permanent change of station status. This resulted in a member withdrawing \$1,800 during a 25-day period before departure from the squadron. Also, the APC did not document action taken on 7 of 21 delinquent accounts because the APC was not aware of documentation and tracking requirements. The report recommended providing recurring training, monitoring activity reports, notifying supervisors regarding delinquent accounts, informing supervisors of delinquency documentation, submitting monthly delinquency letters to supervisors, and documenting all delinquency notification actions. Management concurred with the recommendations.

**27. Report No. WH099005, "Government Travel Charge Card Program 36th Air Base Wing, Andersen AFB Guam," December 8, 1998.** Cardholders used the travel card for unauthorized purposes. Four squadrons had charges on 35 of 56 cardholder accounts totaling \$21,852 not supported by

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travel orders. In a 17-day period, a departing squadron member withdrew more than \$2,400 in addition to rental car and department store charges that were unauthorized. The APCs could not provide documentation showing notification was provided on 47 delinquent cardholder accounts. Further, squadron cardholder account listings were not accurate. For example, 98 of 615 cardholders were no longer assigned to the base, and 7 cardholders were shown on duplicative active accounts. Finally, cardholders in two of four squadrons did not receive recurring training to remind them of their responsibilities. The report recommended that the APCs monitor activity reports and reemphasize travel card usage policy, review and implement travel card procedures, inform supervisors of delinquency documentation, complete monthly delinquency letters, and document action on delinquent accounts. The report also recommended reviewing reports monthly, implementing out-processing procedures, establishing written procedures to eliminate duplicative accounts, and implementing a recurring training program. Management concurred with the recommendations.

## **Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office**

These report synopses are available on the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office home page at <http://www.asafm.army.mil/>

**28. Synopsis of Significant Internal Review Report, "Use of the Government Travel Charge Card," FY 00-Volume I.** The usage report was not being fully reviewed to detect possible travel card misuse. Specifically, some questionable charges were reviewed, but other questionable charges were not. The audit found that the review procedures did not provide for a selection of an unbiased review sample and did not provide an explanation for the type of misuse selected for supervisor review. The audit also found that misuse occurred on voluntary return travel and local travel.

**29. Synopsis of Significant Internal Review Report, "Army Travel Card Program," FY 00-Volume II.** Written policy was needed to address travel card abuses such as unauthorized use, unauthorized cash withdrawal, and failure to pay promptly. Policy was developed during the audit to have cardholders sign an agreement stating they are aware of the consequences of travel card abuse, ensure even-handed treatment for those who abuse the card based on the number of offenses, and to have the APCs send delinquency reports to the security manager.

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## Defense Intelligence Agency Office of Inspector General

These reports are not available on the Internet.

**30. Report No. 99-4955-01-050, "Employee Misuse of the Government Travel Card."** A Defense Intelligence Agency employee misused the travel card and arranged to repay \$22,000.

**31. Report No. 00-5111-01-060, "Misuse of Government Travel Card."** A Service member had obtained the clearances to work at the Defense Intelligence Agency. However, after misusing the travel card, the Service member's clearance was revoked. The Defense Intelligence Agency removed the Service member from their workforce and returned the member to the Service.

## Appendix C. Matrix of Systemic Issues

Report Number	Management Oversight	Card Use	Account Reconciliation	Training
1	X	X		X
2	X	X	X	
3	X	X	X	X
4	X	X		
5	X	X		X
6	X	X	X	X
7	X	X	X	X
8	X			X
9	X		X	
10	X		X	X
11	X	X		X
12	X	X	X	X
13	X	X	X	
14	X	X	X	
15			X	
16		X	X	X
17	X	X	X	
18	X	X	X	X
19	X	X		
20	X			X
21	X			
22	X	X		X
23	X	X	X	
24	X	X		
25	X		X	X
26	X	X		X
27	X	X	X	X
28	X	X		
29	X			
30		X		
31		X		
<b>Total</b>	<b>27</b>	<b>23</b>	<b>16</b>	<b>16</b>

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## **Appendix D. Summary of DoD Component Responses to Under Secretary of Defense (Comptroller) September 21, 2001, Memorandum**

### **Army**

1. The Secretary of the Army, Vice Chief of Staff of the Army, and Deputy Assistant Secretary of the Army (Financial Operations) have issued numerous memorandums from August 2000 through August 2001, to provide guidance on reducing travel card misuse, abuse, and delinquencies.
2. The Army personnel community Employee Relations Bulletin provides guidance for administering discipline or corrective actions for travel card misuse.
3. Monthly, the Vice Chief of Staff assesses travel card performance.
4. The Secretary of the Army's Quarterly Army Performance Review provides Army senior leadership with an update on the program every 3 months.
5. APCs at the major commands conduct bi-weekly teleconferences to address current performance, underlying factors, problems, and corrective actions.

### **Navy**

1. The Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) prepared memorandums in February and March 2001, to provide guidance to major Navy and Marine Corps commands on reducing delinquencies.
2. Some Navy Commands require APCs to periodically review sample travel card transactions to identify potential misuse.
3. The Navy maintains more restrictive approval levels than the DoD Financial Management Regulation on the amount of cash withdrawals APCs may approve.
4. In January 2001, the Navy Comptroller sent nearly 14,000 notices to Navy and Marine Corps cardholders who were more than 60 days delinquent. The Comptroller also wrote to all major Navy and Marine Corps commands requesting that appropriate management attention be given to delinquent accounts.
5. The Naval Audit Service is currently conducting an audit of the DoD travel card program. The audit objective is to determine whether the travel card program internal controls are effective in eliminating delinquent account writeoffs.
6. APC symposiums were held in Norfolk and San Diego in April and June 2001, to enhance APC knowledge of travel card regulations and provide information on tools available from Nations Bank to effectively manage the travel card.



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7. In August 2001, the Navy moved the travel card program manager function to the Department of the Navy eBusiness Operations Office.

8. The Navy is developing a supplemental travel card instruction.

## **Marine Corps**

1. The Commandant of the Marine Corps prepared numerous messages, from September 1998 through September 2001, to provide guidance on reducing travel card misuse, abuse, and delinquency.

2. The Marine Corps Administrative Analysis Team added the DoD travel card program as an inspection item.

3. The Marine Corps Inspector General will incorporate DoD travel card program reviews in the normal IG inspection schedule.

## **Defense Finance And Accounting Service**

1. DFAS consistently maintains a less than 2 percent delinquency rate.

2. The "DFAS DoD Travel Card Program Guide," November 1, 2001, provides guidance for the Component program manager, APCs, managers, and cardholders on proper travel card use and the prevention of misuse, abuse, and delinquencies.

3. APCs notify supervisors of any delinquencies monthly. Supervisors are required to counsel the 60-day delinquent cardholder and present the delinquent memorandum to the cardholder. Cardholders that are 90-days delinquent are reported to the appropriate Director.

4. The DFAS Component program manager performs a monthly agency-level analysis of account activity and delinquency status. Also, the DFAS Component program manager generates management reports for DFAS executives on a recurring basis for the personnel they supervise.

5. Employees who violate the cardholder agreement are subject to disciplinary action.

6. The DoD travel card program is included in the management control program. DFAS Internal Review may annually review the DoD travel card program.

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## **Other Defense Organizations**

Other Defense organizations stated that they had also issued guidance to reduce travel card misuse, abuse, and delinquency. These organizations include the American Forces Information Service; the Defense Advanced Research Projects Agency; the Defense Commissary Agency; the Defense Intelligence Agency; the Defense Security Service; and the Inspector General, DoD.

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## **Appendix E. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Director, Defense Procurement

### **Department of the Army**

Assistant Secretary of the Army (Financial Management and Comptroller)  
Auditor General, Department of the Army

### **Department of the Navy**

Naval Inspector General  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Other Defense Organizations**

Defense Finance and Accounting Service

### **Non-Defense Federal Organizations and Individuals**

Office of Management and Budget

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## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Finance  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform  
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform  
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

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## INTERNET DOCUMENT INFORMATION FORM

**A . Report Title:** Acquisition: Summary of DoD Travel Card Program  
Audit Coverage

**B. DATE Report Downloaded From the Internet:** 03/19/02

**C. Report's Point of Contact: (Name, Organization, Address, Office  
Symbol, & Ph #):** OAIG-AUD (ATTN: AFTS Audit Suggestions)  
Inspector General, Department of Defense  
400 Army Navy Drive (Room 801)  
Arlington, VA 22202-2884

**D. Currently Applicable Classification Level:** Unclassified

**E. Distribution Statement A:** Approved for Public Release

**F. The foregoing information was compiled and provided by:**  
DTIC-OCA, Initials: \_\_VM\_\_ Preparation Date 03/19/02

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.