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MEMORANDUM FOR DISTRIBUTION

Subj: GENERAL ACCOUNTING OFFICE FINAL REPORT ON THE DEPARTMENT
OF THE NAVY TRAVEL CARD PROGRAM

Ref: (a) ASN(FM&C) memo of 16 Apr 02

Encl: (1) General Accounting Office Report on Travel Cards-
Control Weaknesses Leave Navy Vulnerable to Fraud and
Abuse, GAO-03-147, Dec 02

The General Accounting Office (GAO) released its final report on the Department of the Navy (DON) government travel card program on 27 January 2003. A copy of this report is provided as enclosure (1). In the report, the GAO makes numerous recommendations concerning the management of the DON travel card program.

The DON has already implemented many of the GAO recommendations, as outlined in the Department of Defense's (DoD) response, which is included in the report. The complete GAO report should be reviewed to understand the scope of the recommendations and the DON's position. Based on several of GAO's recommendations, I am announcing some immediate policy changes to strengthen our travel card management controls and provide additional guidance on methods for identifying and limiting travel card abuse.

a. The GAO recommended establishing guidance requiring that Activity Program Coordinators (APCs) review the contractor's Returned Check Charges Exception Report in the charge card contractor's on-line reporting system to identify cardholders who have written non-sufficient funds (NSF) checks. NSF includes payments against accounts with NSF, closed accounts, accounts not located, and stop payment orders. Therefore, commencing immediately, all APCs on a routine basis shall run this report to identify NSF payments. Commands shall investigate and, if warranted, take appropriate disciplinary action against cardholders who wrote three or more NSF checks as payment on their accounts.

Subj: GENERAL ACCOUNTING OFFICE FINAL REPORT ON THE DEPARTMENT
OF THE NAVY TRAVEL CARD PROGRAM

b. The GAO recommended the establishment of a DON requirement for cognizant APCs to retain records documenting a cardholder's fraudulent or abusive use of the travel card. All APCs are directed to retain such records in addition to those already required by the DoD Financial Management Regulation, such as delinquency notifications.

c. The GAO recommended evaluating the feasibility of deactivating all cards (standard or restricted) when the account holder is not on authorized travel. Based on previous guidance outlined in reference (a), major commands not meeting the DON delinquency metric are required to deactivate travel cards for all personnel not scheduled for official travel, not reactivate the cards until 10 days before official travel is to begin, and deactivate the cards immediately upon conclusion of the official travel. While this action is available to all commands to control inappropriate use of the card, it is only required of commands not meeting the DON delinquency metric.

d. The GAO recommended that procedures be strengthened for separating personnel to ensure all accounts are deactivated or closed. As previously directed in reference (a), commands must ensure that they are including APCs as part of the check-in and check-out process and performing periodic reviews to ensure that accounts of departed cardholders are deactivated or closed in a timely manner. Similarly, commands are also to ensure that IDs used to access the card contractor's on-line reporting system are inactivated for departing APCs.

The GAO report also highlighted instances of abuse and misuse of the travel card and made several recommendations to strengthen DON oversight. The travel card contractor provides several reports that can assist APCs in identifying potential abuse of the travel card. These reports are available through the Electronic Account Government Ledger System (EAGLS) and shall be reviewed on a routine basis:

Airline Exception Report: Identifies transactions made when the passenger name on the airline ticket does not match the name on the government travel card.

Subj: GENERAL ACCOUNTING OFFICE FINAL REPORT ON THE DEPARTMENT
OF THE NAVY TRAVEL CARD PROGRAM

Non-Travel Activity Report: Identifies cardholders that may be using their government travel card during non-official travel periods. This report displays non-travel type transactions when there is no associated travel transaction 7 days prior or after the transaction date. APCs can generate the report to identify one of three scenarios:

- Lodging transactions without associated travel activity
- Car rental and ground transportation transactions without associated travel activity
- Cash, fuel, restaurant, tolls and parking transactions without associated travel activity

Weekend/Holiday Activity Report: Identifies accounts with car rental and or lodging activity when checkout is on a Sunday, Monday, or a Federal holiday. This report is based on the premise that the most common days of the week to return from official TDY are Tuesdays through Saturdays.

For transactions that appear on any of these reports, APCs shall contact the cardholder and their supervisor to confirm that the transactions were of an official nature. For help in generating these or other EAGLS reports, APCs should access the EAGLS Technical Help Desk web site (www.gcsuthd.bankofamerica.com) and view the Travel Exception Report Job Aids.

By this memorandum, the DON eBusiness Operations Office and Headquarters, Marine Corps will incorporate the above policy changes in the next revision of their travel card guidance. It is anticipated that DoD will issue additional guidance on mandatory split disbursement, disciplinary actions, and other GAO recommendations in the near future.

The DON has made considerable progress in reducing delinquencies, which have fallen by nearly half over the past year. This impressive progress would not have occurred without the sustained active involvement of leaders at all levels of the chain of command. In the coming months continued focus on preventing abuse and misuse, as well as delinquencies should remain at the forefront of your efforts.

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