



THE ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

AUG 7 2003

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD PROGRAM UPDATE

Encl: (1) Improvements in the Department of the Navy Travel
Card Program

I wrote to you in May 2003 to report on the Department of the Navy's (DON) significant progress in travel card delinquency management. The DON's travel card program delinquency has seen a 47% reduction in the 60+ day delinquency dollars from July 2002 to July 2003. In addition to a continuing effort to reduce delinquency, I have directed command attention to the following other important aspects of travel card program management:

a. Identification of potential travel card misuse. Agency program coordinators (APCs) are required to review a series of online reports provided by the card contractor to identify suspect transactions. APCs are then to determine if cardholders were on official travel when the charges occurred and question the cardholder and the cardholder's supervisor on the appropriateness.

b. Account monitoring. The DON has comprehensively reviewed unused accounts identified by the card contractor to ensure those left open are necessary. Between September 2002 and June 2003, 158,000 accounts were cancelled.

c. Increased use of split disbursement. The DON's travelers have always been highly encouraged to use the split disbursement option when submitting their travel claims. Consequently, the number of split disbursement transactions processed in June 2003 show a 27% increase from the month of October 2002. With the recent policy change making split disbursement mandatory for military personnel, this figure will increase.

More detailed information on these travel card improvements are provided as enclosure (1).

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I believe the Department of the Navy's actions to improve the overall travel card program, as well as those taken by your office and the other Department of Defense (DoD) Components meet the spirit of the April 2001 contract renegotiations with the card contractor. The DoD travel card program successes include a steady reduction in the 60+ days dollar delinquency with a rate of 5% as reported in the General Services Administration Chief Financial Officers report for June 2003. I note that this reduction in the percentage of dollars delinquent has been obtained despite the increase in the use of split disbursements, an action that generally increases this metric. Given these continuing improvements in the charge card program, I ask that you consider seeking a reduction in the ATM fees with the card contractor.

My point of contact is David McDermott who may be reached at 202-685-6719 or by email at mcdermott.david@fmo.navy.mil.



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IMPROVEMENTS IN THE DEPARTMENT OF THE NAVY TRAVEL CARD PROGRAM

Delinquency Reduction:

	July-02		July-03		Percentage Reduction Dollars
	60+ Delq Dollars	60+ Delq Dollar Rate	60+ Delq Dollars	60+ Delq Dollar Rate	
Navy	\$4,272,815	9.34%	\$2,120,435	5.45%	-50%
Marine Corps	\$1,152,317	14.09%	\$742,918	9.21%	-35%
Department of the Navy	\$5,425,132	9.57%	\$2,863,353	6.11%	-47%

Number of accounts closed that were not used in preceding 12 months:

	September-02	December-03	June-03	Totals
Navy	73,973	24,470	19,037	117,480
Marine Corps	21,650	10,100	8,638	40,388
Department of the Navy	95,623	34,570	27,675	157,868

Split Disbursement payments:

	October-02		June-03		Transaction Percentage Increase
	# of Transactions	% of Total	# of Transactions	% of Total	
Navy	24,270	33%	31,349	46%	29%
Marine Corps	4,496	32%	5,120	41%	14%
Department of the Navy	28,766	33%	36,469	46%	27%