DEPARTMENT OF THE ARMY
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13 AUG 2002

REPLY TO
ATTENTION OF

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: GAO Report (GAO-02-863), Travel Cards – Control Weaknesses Leave Army Vulnerable to Potential Fraud and Abuse

The General Accounting Office (GAO) recently completed an audit of the Army Travel Card Program. Their findings were the focus of a recent congressional hearing and still more negative media articles critical of Army leadership, management and stewardship. Specifically, the GAO cited Army delinquency (highest in the Federal government), numerous cases of card misuse and potentially fraudulent activity, the failure to take disciplinary action, and inadequate command emphasis and oversight.

The Travel Card Program is crucial to our mission, with 430,000 Army cardholders generating $619 million in charges in FY 2001. In October 2000, I set an Army delinquency goal of not more than four percent. Since then, we have made substantial progress – many commands achieved the goal and most others reduced delinquency significantly. Army-wide, however, delinquency stands at eight percent. This is unacceptable – we must reduce delinquency. We must also eliminate card misuse, which experience and GAO's report make clear is a precursor to delinquency.

The Department of Defense Charge Card Task Force made numerous recommendations and the Secretary of the Army recently reported to the Deputy Secretary of Defense on corrective actions and policy changes the Army will implement. The Assistant Secretary of the Army (Financial Management and Comptroller) will soon provide detailed guidance on these corrective actions, but the most essential is to support your travel card coordinators. There must be command emphasis, adequate staffing and a reasonable span of control for these coordinators to succeed in monitoring cardholder activity and informing supervisors of misuse and delinquency.

Your compliance with this guidance is critical – staff the function, monitor card use and deal aggressively with misuse and delinquency. We are addressing the manpower issues at Department of the Army level. You have the tools to manage this program and the authority to deal with those who abuse it. Failure to do so will continue to undermine the public perception of our competence, our stewardship and our integrity.

JOHN M. KEANE
General, United States Army
Vice Chief of Staff

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