



Highlights of [GAO-03-298](#), a report to Congressional requesters

TRAVEL CARDS

Air Force Management Focus Has Reduced Delinquencies, but Improvements in Controls Are Needed

Why GAO Did This Study

Poor oversight and management of the Department of Defense (DOD) travel card program has led to high delinquency rates costing DOD millions in lost rebates and increased ATM fees. As a result, Congress asked GAO to report on (1) the magnitude, impact, and cause of delinquencies, (2) the types of fraudulent and abusive uses of travel cards, and (3) the effectiveness of internal controls over DOD's travel card program. GAO previously reported on travel card management at the Army and Navy. This report focuses on travel card management at the Air Force.

What GAO Recommends

GAO recommendations to DOD and the Air Force include the following:

- Provide sufficient training to agency program coordinators to promote proper oversight of the travel card program, including effective monitoring for inappropriate transactions;
- Review the security clearances of cardholders with financial problems; and
- Strengthen procedures for canceling cards of employees leaving the service.

DOD and the Air Force concurred on our recommendations and said that they had actions underway to address many of them.

www.gao.gov/cgi-bin/getrpt?GAO-03-298.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Gregory Kutz, (202) 512-9505.

What GAO Found

Air Force management has reduced travel card delinquencies through greater command attention and the use of travel card audits to identify problems and needed corrective actions. As of March 2002, the Air Force delinquency rate on average was about 5 percentage points lower than the rest of DOD and 1 percentage point higher than the federal civilian agencies. The Air Force's overall delinquency and charge-off problems were primarily associated with lower paid, low- to midlevel enlisted military personnel.

Despite these improvements, a weak control environment contributed to significant abuse and potential fraud. For example, many of the problem cases identified were due to ineffective controls over the issuance and cancellation of travel cards and weaknesses in the assignment and training of agency program coordinators. During the period of our review, over 400 Air Force cardholders committed potential bank fraud by writing three or more nonsufficient fund (NSF) checks to Bank of America. Also, as shown in the table, many cardholders used their cards for inappropriate purchases, such as cruises and event tickets.

Examples of Abusive Air Force Travel Card Activity

Category	Examples of vendors	Number of transactions	Approximate dollar amount
Cruises	Carnival, Celebrity, Norwegian, and Princess	70	\$ 31,000
Gambling	GCA*- Global Cash Access	79	14,000
Sports, concerts, and other events	Dallas Cowboys, Backstreet Boys, Janet Jackson, and other Ticketmaster purchases	223	31,000
Gentlemen's clubs	Spearmint Rhino, Cheetah's Lounge, and Déjà Vu Showgirls	187	32,000

A significant relationship also existed between potential travel card fraud, abuse, and delinquencies and individuals with substantial credit history problems. Some cardholders had personal accounts placed in collection while others had filed bankruptcies prior to receiving government travel cards. Also, the issuance of the travel cards to virtually everyone who applied for them compounded these problems.

GAO found documented evidence of disciplinary actions in less than half of the cases reviewed where cardholders wrote NSF checks, or their accounts were charged off or placed in salary offset. GAO also found that over half of the cases reviewed involved individuals who still had secret or top-secret security clearances. Other control weaknesses related to the Air Force's failure to provide the necessary agency program coordinator training, and infrequent or nonexistent monitoring of travel card activities.

The recently enacted fiscal year 2003 Defense appropriations and authorization acts require the Secretary of Defense to establish guidelines and procedures for disciplinary actions and to deny issuance of travel cards to individuals who are not creditworthy.