



Highlights of [GAO-04-156](#), a report to congressional committees

PURCHASE CARDS

Steps Taken to Improve DOD Program Management, but Actions Needed to Address Misuse

Why GAO Did This Study

This study responds to a legislative mandate, which directs the Comptroller General to review the actions taken by the Department of Defense (DOD) to implement provisions included in the Bob Stump National Defense Authorization Act for fiscal year 2003 (Public Law 107-314) concerning management of the purchase card program. This study also discusses DOD efforts to implement provisions in the DOD Appropriations Act for fiscal year 2003 (Public Law 107-248) as well as recommendations and the status of disciplinary actions taken against individuals identified in prior GAO reports as having used the government purchase card for potentially fraudulent, improper, and abusive or questionable purposes.

What GAO Recommends

This report provides the Congress with status of actions taken, and recommends that the military services monitor whether the disciplinary guidelines established in response to the fiscal year 2003 Bob Stump National Defense Authorization Act are properly implemented. DOD was pleased that the report recognized the department's efforts to address previously cited managerial and internal control deficiencies. DOD did not comment on GAO's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-156.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gregory Kutz, (202) 512-9505, or kutzg@gao.gov.

What GAO Found

DOD has initiated actions to implement all of the requirements in the National Defense Authorization Act for fiscal year 2003 and the DOD Appropriations Act for fiscal year 2003. While it has largely completed revamping its policies and other requirements, it still had considerable work to complete in order to implement managerial and oversight mechanisms, such as strategic sourcing, monitoring, and auditing. However, to implement the legislative requirement that DOD evaluate credit worthiness prior to issuing a purchase card, DOD is allowing cardholders to self-certify their credit worthiness rather than conducting credit checks on cardholders, as is typically done in the private sector.

DOD started actions to implement nearly all of the 109 GAO recommendations, some of which may closely relate to the legislative provisions. DOD and the military services have taken disciplinary actions against cardholders whom a court of law determined had fraudulently used their purchase cards. They have also started to educate cardholders and approving officials on the proper use of the purchase card.

The military services have not taken strong disciplinary actions against cardholders GAO identified as making improper and abusive or questionable purchase card acquisitions. The military services determined that many of these purchases did not directly violate existing policies. Consequently, the services modified these policies to provide a basis for disciplinary actions for similar purchases in the future.

Disciplinary Actions Taken for Improper and Abusive or Questionable Purchases

Improper and abusive or questionable transactions	Air Force			Total
	Army	Navy	Air Force	
Number of transactions GAO identified	34	59	27	120
Value of transactions (in thousands)	\$999	\$1,103	\$961	\$3,062
Fired	0	0	0	0
Suspended from work	0	0	0	0
Repay for cost of improper charge	1	0	2	3
Give item to government	0	0	6	6
Written reprimand	2	0	0	2
Verbal reprimand	1	1	1	3
Credit card revocation	1	4	2	7
Credit card suspension	1	0	0	1
Required to take training	8	20	11	39
Questionable but authorized by service policy	0	0	3	3
Still under investigation/review	0	3	0	3
No action taken	27	36	5	68

Source: Responses provided by the Army, Navy, and Air Force.

Note: Total actions taken exceed transactions identified because multiple actions were taken for some transactions.