



**UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100**

SEP 21 2001

COMPTROLLER

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
PROGRAM DIRECTOR, DEFENSE TRAVEL SYSTEM**

SUBJECT: Management of the Department of Defense Travel Card

My June 14, 2001, memorandum established new policies to reduce delinquencies in paying valid travel charge card debts and addressed other issues related to misuse and abuse of travel cards by the Department's personnel. More recently, the Department has been criticized by the Congress and in the press, for a lack of controls over the use of the travel charge card by military members and civilian employees. Current levels of unpaid debt and improper use of the government travel charge card are not acceptable and represent an affront both to the Department and to the vast majority of our military members and civilian employees who use the travel charge card appropriately and pay their debts on time. The Department can, and must, do much more to reduce delinquencies and prevent misuse and abuse of the travel charge card.

Ongoing efforts to prevent misuse and abuse of the travel charge card have produced some positive results. These, however, must be reinforced and promulgated throughout the Department. Guidance on management of the travel card program is provided at attachment 1 and shall be used throughout the Department as a baseline for improving management of the travel charge card program. As such, each Component is expected to:

- Make command expectations clear;
- Emphasize training;
- Ensure that travel charge cards, when issued, are needed and used appropriately;
- Take appropriate action with respect to cardholders upon arrival in and departure from their DoD Component and each individual duty station;
- Use existing tools, including delinquency notification letters, to set the stage for appropriate disciplinary action when applicable; and
- Take appropriate action with problem cardholders.

Components shall provide cardholders with firm and unambiguous reminders on the proper use of travel charge cards and advise them that the misuse or abuse of their travel charge card may subject them to disciplinary actions. Attachment 2 summarizes current guidance from the Department of Defense Financial Management Regulation on appropriate use of the travel charge card, mandatory use requirements, and types of charges for which the card should, as well as may, be used while in official travel status or during leave in conjunction with temporary duty travel. As a further reminder, the General Services Administration pamphlet "But I Didn't Know...Now You Do" (extracts at attachment 3) should be provided to all cardholders.

The appropriateness of actions taken by commanders and supervisors with problem cardholders, utilizing existing disciplinary policies, shall be reviewed. By November 15, 2001, each Component shall provide the following to my Finance Policy Directorate:

- Copies of any Component guidance that has been issued regarding misuse, abuse and delinquencies associated with travel charge cards
- A description of what programs and procedures are in place to conduct internal reviews of Component travel charge card programs

The above-required information shall be submitted to the following:

Office of the Under Secretary of Defense (Comptroller)
Finance Policy Directorate
1100 Defense Pentagon
Washington, DC 20301-1100

As a result of the review of the information submitted by the Components, changes to military and civilian personnel policies may be proposed, if warranted. Revisions, as appropriate, will be included in the Department of Defense Financial Management Regulation.

I plan to review, on a monthly basis, changes in the level of delinquent unpaid debt on the government travel charge card by the Department's personnel. All Department personnel, to include commanders, supervisors, organization travel card program coordinators, and especially individual cardholders, shall support efforts to reduce delinquencies and prevent further misuse and abuse of the government travel charge card.

If you have any questions concerning this matter please contact Mr. Ron Massengill of my Finance Policy Directorate. He may be reached by email: massengr@osd.pentagon.mil or by telephone at (703) 602-0125.


Dov S. Zakheim

Attachments

MANAGEMENT OF THE TRAVEL CARD PROGRAM

Make Command expectations clear:

- Card misuse, abuse and delinquency will not be tolerated
 - Use the card for official travel only--NOT for personal, family or household purposes
 - File travel claims promptly and pay off card balances promptly
- Supervisors shall review travel claims and receipts for appropriateness prior to submission for payment
- Travel card coordinators shall monitor the card contractor's on-line system/reports for card misuse, abuse and delinquency and notify supervisors
- Supervisors and/or Commanders of cardholders shall take appropriate action to prevent and to respond to card misuse, abuse and delinquency
- Include Travel Charge Card Programs in Management Control Program evaluation checklists

Emphasize training:

- Train travel card coordinators using on-line or on-site card contractor training and the General Services Administration Agency Program Coordinators Survival Guide
- Train cardholders, using materials previously provided or locally developed materials, to include proper and prohibited uses of the travel card, the benefit of the split disbursement option, the need to pay bills on time, the imposition of fees for late payments or returned checks, salary offset provisions, reporting to credit bureaus, and administrative or disciplinary action, as appropriate
- Include training on proper use of travel card as part of the mandatory annual Standards of Conduct briefing to all employees/military members
- Make use of basic personal financial management training offered by family service organizations and financial institutions on DoD installations

Ensure that travel cards are needed and appropriate:

- Commanders shall review usage annually and deactivate or cancel cards in cases such as those where they have not been used or where usage is so infrequent that the cardholder could be classified as an infrequent traveler
- Commanders may cancel a cardholder's card for fiscal irresponsibility

Take appropriate action with respect to arriving and departing cardholders:

- Ensure that in-and out-processing requirements include travel card Agency Program Coordinators
- Transfer or suspend accounts of departed cardholders no later than 60 days after a Permanent Change of Station move
- Notify the travel card contractor of the cardholder's new duty address for continuity until the cardholder provides a new home address for mailing of the billing statement

MANAGEMENT OF THE TRAVEL CARD PROGRAM (CONTINUED)

Use existing tools to set the stage for appropriate disciplinary action:

- Require Agency Program Coordinators to review records of all current cardholders to ensure a signed Statement of Understanding is on file (one time effort)
- Ensure new cardholders sign the required Statement of Understanding (and that Agency Program Coordinators retain it on file)
- Inform supervisors of cardholder misuse, abuse or delinquency
- Advise delinquent cardholders with delinquency notice letters
- Require each Agency Program Coordinator to conduct quarterly compliance reviews of 5 percent of their cardholder accounts to ensure cardholders are complying with existing policies.

Take appropriate action with cardholders that misuse or abuse their travel charge cards:

- Counsel cardholders on card misuse, abuse or delinquency
- Encourage delinquent cardholders to arrange a repayment schedule with the card contractor
- Take appropriate administrative and disciplinary action for military members (including counseling, written reprimand, Article 15 or court martial) when warranted
- Take appropriate disciplinary or adverse action against civilian personnel (including counseling, written reprimand, suspension without pay, and removal from federal service) when warranted
- Refer suspected fraud to the appropriate criminal investigative service

APPROPRIATE USE OF THE CARD

The travel charge card contractor cardholder agreement, which every Department of Defense cardholder is required to sign when applying for the travel charge card, defines appropriate use as:

“The use of your Government Travel Charge Card is based on your authorized travel status and you agree to use the Card only during or in direct support of (advance reservations, etc.) the period designated by your travel orders and your organization. You agree to use the Card only for official travel and related expenses away from your official duty station (including local travel expenses). You agree not to use the Card for personal, family or household purposes. No other person is permitted to use the Card issued to you for Charges or for any other reason.”

Department of Defense Financial Management Regulation (Volume 9, Chapter 3) guidance on appropriate use of the travel charge card

Policy on use by DoD Personnel: All DoD personnel shall be required to use the government-sponsored, contractor-issued travel charge card for all expenses arising from official government travel, unless otherwise exempted from card use. Although a traveler may be required to use the travel card, failure to use the travel card shall not be a basis for refusing to reimburse the traveler for otherwise appropriate charges. Such failure may, however, subject the traveler to appropriate administrative or disciplinary action.

Certain classes of personnel, including new appointees and infrequent travelers (those who travel two or less times per year), are exempt from mandatory use of the travel card.

When you have been issued a travel charge card:

- Use it while on official government travel for: lodging, rental car, transportation and other official travel expenses.
- It is not necessary to use it while on official travel for: laundry/dry cleaning, parking, local transportation system fare, taxi fares, tips, expenses covered by the “meals and incidentals” portion of the per diem allowance, local and long distance telephone calls, and expenses incurred during a permanent duty travel move or related househunting trip or when a vendor does not accept the travel charge card.
- You may use it for incidental expenses and expenses during leave in conjunction with temporary duty while in a travel status for: non-reimbursable travel expenses, such as rental movies, personal telephone calls, exercise fees, and beverages, when these charges are part of a room billing or meal and are reasonable; and for personal lodging or car rental charges, incurred in conjunction with otherwise authorized official travel expenses, when such charges are an integral part of the billing for the period spent at the temporary duty location while on official travel (i.e., when a traveler spends a weekend or is authorized leave at a temporary duty location before or after temporary duty, and a room or car rental is continued into temporary duty, a weekend, or a period of authorized leave).

**EXTRACTS FROM GENERAL SERVICES ADMINISTRATION PAMPHLET
“BUT I DIDN’T KNOW...NOW YOU DO”**

Your Government Travel Card is a valuable and simple means to manage your travel expenses. Along with the numerous benefits of having this cards, there are certain responsibilities.

In addition to your agency’s travel policy, you should comply with the following guidelines:

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| DO use your Government Travel Card to pay for official travel expenses. | DON’T use your Government Travel Card for personal use. |
| DO obtain travel advances for official travel through an ATM if authorized by your agency. | DON’T obtain travel advances through the ATM which exceed your expected expenditures for a trip. |
| DO track your expenses while on travel so you have accurate information for filing your travel claim. | DON’T obtain travel advances through the ATM unless you are on travel or will be on travel shortly. |
| DO file your travel claim within 5 days after you complete your trip or every 30 days if you are on continuous travel. | DON’T allow your monthly bill to become overdue. |
| DO submit payment in full for each monthly bill. | DON’T wait for receipt of your monthly bill to file your travel claim. |
| DO submit payment in full for each monthly bill. | DON’T forget that the card is issued in your name and liability for payment is your responsibility. |
| DO follow your bank’s dispute process for charges which are incorrect. | DON’T make late payments because this could result in suspension or cancellation of your card. |
| DO contact your bank’s customer service number if you have questions about your monthly bill. | |
| DO be aware that misuse of the card could result in disciplinary actions by your agency. | |

Failure to pay your monthly bill will result in the loss of your charging privileges. If your card is suspended, you will be unable to use it until payment is received by your bank. If your card is cancelled due to non-payment, your delinquency may be reported to credit bureaus; referred to collection agencies; or lead to other collection actions.

Free copies may be obtained from the General Services Administration by calling (817) 334-5215 and asking for Publication Number: Card-F0001

Additional information on the travel charge card is available from the General Services Administration SmartPay website at: <http://www.fss.gsa.gov/services/gsa-smartpay>.