

MAY 20, 2002

KEY CONGRESSIONAL COMMITTEE CALLS FOR GAO INVESTIGATION OF WIDESPREAD GOVERNMENT-ISSUED CREDIT CARD ABUSE/FRAUD IN PENTAGON AND OTHER AGENCIES

WASHINGTON, D.C. - The ranking member and chairman of a key government oversight subcommittee in the House of Representatives today called for a comprehensive investigation by the General Accounting Office (GAO) of government-issued credit card waste, fraud, and abuse in the pentagon and other agencies.

U.S. Representative Jan Schakowsky (D-IL), ranking member of the Government Reform Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, and Steve Horn (R-CA), Chairman of the Subcommittee, specifically requested that GAO

" . examine purchases made during fiscal year 2001 to determine whether items purchased at local retailers could have been purchased from the General Services Administration schedule at a lower cost. From that data, we would like the GAO to estimate the amount of money that was lost because of those purchases at the Department of Defense. In addition, we would like the GAO to estimate the government-wide loss that resulted from credit card holders who purchased items at a cost exceeding the GSA schedule."

During Congressional hearings on government purchase card abuse, the subcommittee found that pentagon employees were using government credit cards to buy clothes, luxury goods, and even a Lego set from a toy store. And in an egregious instance, it was discovered that an employee used the official government card to pay for \$12,000 in personal items.

Below is the letter to David Walker, Comptroller General, U.S. General Accounting Office.

May 20, 2002

The Honorable David Walker
Comptroller General
U.S. General Accounting Office
Washington, DC

Dear Comptroller General:

There is a popular consensus that the Government's Purchase Card Program is saving

taxpayers' money. Unfortunately, that hypothesis has never been supported by careful review and analysis of the costs of the program. As you know, General Accounting Office auditors are examining this program at several facilities within the Department of Defense for our subcommittee. Thus far, auditors have found that purchase cards have been used for personal items, for luxury goods and for gift certificates. Card numbers have been stolen and the agency, even after learning about the theft, failed to cancel the card numbers. Preliminary reports from the GAO suggest that these problems exist throughout the Department of Defense.

The lack of internal controls over the program may be causing additional waste as well. We would like to request the GAO to investigate this aspect of credit card use in the Department of Defense and in other agencies.

In particular, we request that the GAO to examine purchases made during fiscal year 2001 to determine whether items purchased at local retailers could have been purchased from the General Services Agency schedule at a lower cost. From that data, we would like the GAO to estimate the amount of money that was lost because of those purchases at the Department of Defense. In addition, we would like the GAO to estimate the government-wide loss that resulted from credit card holders who purchased items at a cost exceeding the GSA schedule.

Sincerely,

Jan Schakowsky Steve
Horn
 Ranking Minority Member,
Chairman,
 Subcommittee on Government Efficiency Subcommittee on Government
Efficiency