

Wine, Cigars, Deer Head - Charge it to Uncle Sam

By Sue Fleming - Reuters News

28 April 2004

WASHINGTON, D.C. - Cosmetic surgery, a mounted deer head, designer briefcases and pricey wine are among goods improperly charged to U.S. government credit cards by employees, according to a report released on Wednesday.

The General Accounting Office, the investigative arm of Congress, said in a report that hundreds of millions of dollars could be saved each year if there were stricter controls on the use of government-issued credit cards.

The government-wide purchase card program began in 1989 with the aim of streamlining federal buying and cutting down on processing costs. Card use was initially restricted to procurement personnel but later expanded.

From 1994 to 2003, the GAO said the use of government purchase cards increased from \$1 billion to \$16 billion. In most instances bills are paid directly by the government.

GAO audits of the charge cards found ineffective management, oversight and weak internal controls at the departments of Agriculture, Army, Navy, Air Force, Interior, Justice, Transportation and Veterans Affairs.

"(This makes) agencies vulnerable to fraudulent, improper and abusive purchase card activity," said the report, released at a hearing of the Senate Committee on Governmental Affairs.

In one case, the Defense Department's inspector general found a Navy employee had used a government credit card to buy two cars, cosmetic surgery and a motorbike. The cardholder made 59 fraudulent purchases worth more than \$132,000.

In another case, a Defense Department employee used a purchase card to charge \$1.7 million in fraudulent purchases from a fictitious company set up by her brother.

### LEGOS AND LOUIS VUITTON

"Examples like this one demonstrate the need for better controls over the purchase card program and demonstrates why it is vital to give agencies the tools they need to control fraud and abuse," said Sen. Susan Collins, a Maine Republican, at the committee hearing.

Collins said she, along with Wisconsin Democratic Sen. Russ Feingold, would introduce legislation aimed at cracking down on such wasteful spending.

Rep. Jan **Schakowsky**, a Democrat from Illinois, introduced a similar bill in the House of Representatives this week. "Taxpayers will continue to be bilked out of billions of dollars until we act," said **Schakowsky** in a statement.

Excuses for buying items were often novel. Asked about a mounted deer head, auditors were told it was to educate airmen about the local deer population.

In another instance \$200 of LEGO toy robots were bought to "teach Navy engineers about robotics" while the excuse for buying a \$250 Louis Vuitton designer folio was simply listed as "personal preference."

Other examples included the purchase of three global positioning systems for the director of a

military program because he "routinely got lost when he went on travel."

The GAO found agencies did not generally try to get more favorable prices on purchase card buys with frequently used vendors - those where an agency spends more than \$1 million a year.

Using a "conservative approach," the GAO said if six agencies got discounts of just 10 percent from vendors where they spent more than \$1 million a year, annual savings could be as much as \$300 million.

The audit also found some cardholders were given limits that exceeded historical spending needs. For example, 60 Navy staff each had credit limits of \$9.9 million.