

Lawmaker wants more inquiries into charge card abuses

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A House lawmaker wants the government to investigate fraud by vendors in the federal purchase and travel card programs.

During a hearing Tuesday before the House Government Reform Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, the Navy's purchase and travel card use was called into question for the third time since July 2001, after a General Accounting Office study said the agency's internal controls were insufficient to root out fraud, waste and abuse.

"Vendors are submitting charges against cards where no goods or services were provided," said Rep. Janice Schakowsky, D-Ill., as she asked GAO officials to investigate the pervasiveness of that practice.

Purchase cards allow federal workers to avoid the government's lengthy procurement process for government purchases by allowing officials to charge up to \$2,500 without going through the paperwork required for major acquisitions. The 1998 Travel and Transportation Reform Act requires federal employees to use government charge cards, instead of personal credit cards, for travel expenses. In fiscal 2001, Defense Department employees put \$6.1 billion on purchase cards and another \$3.4 billion on travel cards.

"Government credit cards can work in the right kind of environment," Sen. Charles Grassley, R-Iowa, testified during the hearing.

But the Navy, which has seen widespread abuse of the cards at its Space and Naval Warfare Systems Center (SPAWAR) and Navy Public Works Center, has yet to get it right, lawmakers said Tuesday.

"Once again, the bottom line is the same: no controls, extensive abuse and no accountability," Grassley said. "If the Defense Department wants this program to succeed, then the Defense Department needs to get on the stick and make the controls work."

Over the past two years, Grassley and Rep. Stephen Horn, R-Calif., have hammered away at the Defense Department for its travel and purchase card delinquency, abuse and fraud rates, citing cases where employees used the cards to pay for prostitutes, lap dances, golf outings, clothes, compact discs, leather goods, jewelry, flowers, food and other unauthorized purchases and services. In some cases, vendors and cardholders are working together to defraud the government, GAO found.

"I find the lack of control on this issue shameful and embarrassing," Schakowsky said. "This is a management failure."

Navy and Pentagon officials have implemented stringent controls for the cards in the past few months, including limiting the number of cards issued, reducing credit limits and requiring training in the use of purchase and travel cards, said Rear Admiral Robert Cowley, deputy for acquisition and business management in the Navy's research development and acquisition

office.

But Gregory Kutz, director of financial management and assurance at GAO, said those changes and the agency's current internal control measures might not prevent additional fraud and abuse.

"The high failure rate-80 percent to 98 percent-of cardholder reconciliation and approving official review is of particular concern because it is perhaps the most important control by providing reasonable assurance that purchases are appropriate and for a legitimate government need," Kutz told lawmakers, though he noted that the agency was trying to implement GAO's recommendations.

Schakowsky was less forgiving.

"We keep having these hearings and we keep hearing the same thing over and over again," she said. "I'm ready for somebody to come back . and say 'We have punished this many cases, disciplined this many people,' rather than talk about process."