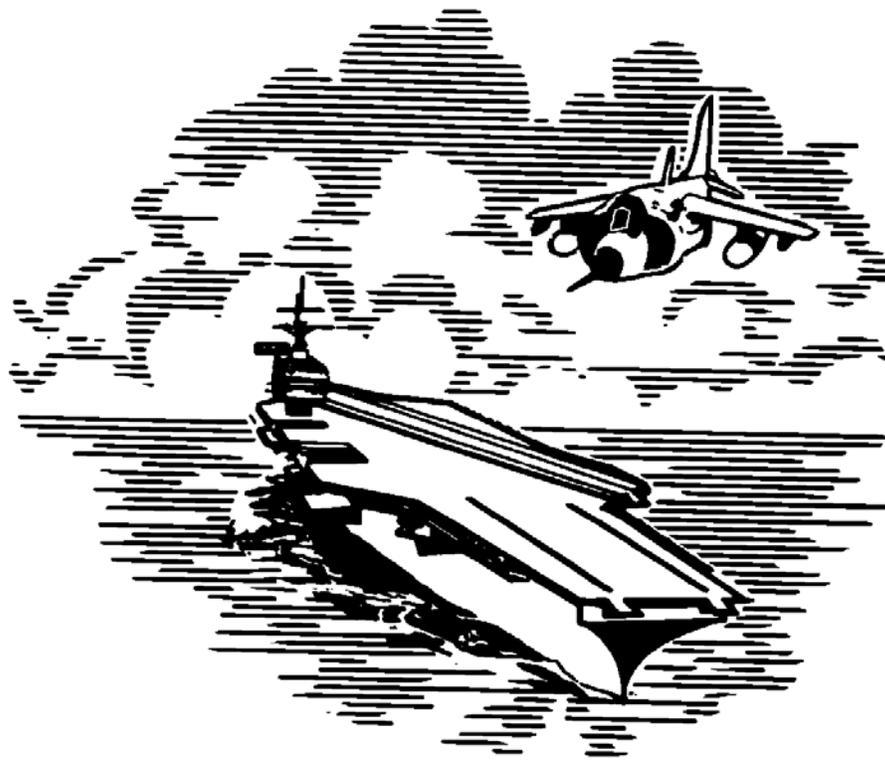




Audit Report



Department of the Navy Travel Card Delinquencies and Outstanding Advances

N2004-0037

12 April 2004

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MEMORANDUM FOR DISTRIBUTION

Subj: **DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES
AND OUTSTANDING ADVANCES (AUDIT REPORT N2004-0037)**

Ref: (a) SECNAVINST 7510.7E, "Department of the Navy Internal Audit"

1. This report provides results of the subject audit. Section B of the report provides our findings and recommendations, summarized management responses, and comments on those responses. Section C provides the status of recommendations. The Appendices contain the full text of management responses.

2. The status of the recommendations is as follows:

a. Regarding Recommendation 1: The Marine Corps, U.S. Pacific Fleet, Naval Air Systems Command, and U.S. Naval Forces Europe, all took appropriate corrective action; therefore, this recommendation is considered closed for those activities. U.S. Fleet Forces Command/U.S. Atlantic Fleet, Naval Reserve Forces Command, and Naval Sea Systems Command plan appropriate corrective action; therefore, this recommendation is considered open for them.

b. Regarding Recommendation 2: The Marine Corps took appropriate corrective action; therefore, the recommendation is considered closed for their activities. The U.S. Atlantic and Pacific Fleets, Naval Sea Systems Command, Naval Air Systems Command, and U.S. Naval Forces Europe plan appropriate corrective action; therefore, this recommendation is considered open for those activities.

c. Regarding Recommendation 3: The office of the Assistant Secretary of the Navy for Financial Management and Comptroller plans appropriate corrective actions; therefore, this recommendation is considered open.

d. Regarding Recommendation 4: The office of the Assistant Secretary of the Navy for Financial Management and Comptroller plans appropriate corrective actions; therefore, this recommendation is considered open.

e. Regarding Recommendation 5: The office of the Assistant Secretary of the Navy for Financial Management and Comptroller took appropriate corrective action; therefore, this recommendation is considered closed.

3. Because of utilization discussions with personnel from the Office of the Assistant Secretary of the Navy for Financial Management and Comptroller and U.S. Fleet Forces Command/U.S.

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Atlantic Fleet, we redirected Recommendations 6, 7, and 8 to the Navy Personnel Command (PERS-33/PERS-673), as they are responsible for developing and promulgating policy applicable to all Personnel Support Activities. The status of those recommendations is:

a. Regarding Recommendation 6: The Marine Corps and Navy Personnel Command took appropriate corrective action; therefore, this recommendation is considered closed.

b. Regarding Recommendations 7 and 8: The Navy Personnel Command took appropriate corrective actions; therefore, these recommendations are considered closed.

4. No further action is required on closed recommendations. Open recommendations are subject to monitoring in accordance with reference (a). Therefore, management should provide a written status report either upon completion of agreed-to actions or within 30 days after the target completion date. Please provide all correspondence in electronic format (Microsoft Word or Adobe Acrobat file) to the Assistant Auditor General for Financial Management and Comptroller Audits, Mr. Luther Bragg, luther.bragg@navy.mil with a copy to the Director, Policy and Oversight representative (SSR-022), Ms. Rhonda Goveia, rhonda.goveia@navy.mil. Please ensure that the electronic version is on letterhead and includes a scanned signature.

5. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy. In accordance with reference (a), this audit may be selected for followup.

6. We appreciate the cooperation and courtesies extended to our auditors.



LUTHER BRAGG
Assistant Auditor General
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Executive Summary

Overview

Two significant elements of Department of the Navy (DON) travel are the Government Travel Charge Card (GTCC) program and travel advances. Implementation of the GTCC program has allowed the Department of Defense (DoD) and its components to dramatically reduce the number of travel advances as travelers now use their card to draw cash for their trips. The GTCC program is intended to facilitate and standardize the payment method of official Government travel. The role of the Agency Program Coordinator (APC) is essential in the proper management of the GTCC program. In recent years, reports by the General Accounting Office and the DoD Inspector General, as well as congressional hearings and press reports, have raised serious concerns regarding the adequacy of internal controls over the use of travel charge cards by military members and civilian employees. Ongoing efforts by DON to prevent misuse and abuse of travel charge cards have produced positive results. A recent initiative limits the issuance of travel charge cards to certain personnel, which will increase the use of travel advances. It is necessary to continue efforts to reduce and prevent travel card abuses such as delinquencies, as well as to improve management of outstanding travel advances.

This report contains summary information regarding our review of travel card delinquencies and outstanding travel advances at DON. Our fieldwork, conducted from February through October 2003, focused on the end-to-end travel card process and travel advance amounts reported in DON's Annual Financial Report for Fiscal Year (FY) 2002. Additional background information, including the audit objectives, scope, and methodology are contained in Section A.

Conclusion

Overall, we determined that the end-to-end travel process was not the cause for travel card delinquencies within DON. However, we found significant internal control deficiencies in the travel voucher submission/approval process, and in the management and execution of the travel card program, that lessened the accountability of cardholders and decreased the efficiency of the travel card process. These conditions primarily occurred due to inadequate practices in the submission and approval of travel vouchers, and APCs' inconsistent management and execution of the travel card program. We believe the noted conditions hinder DON's efforts to achieve full accountability and efficiency of its travel program.

Additionally, we found the Navy was not accurately and appropriately processing, liquidating, and reporting the activities' travel advances as required by DoD Financial Management Regulation guidance. Specifically, we found Navy settlement offices made processing errors while entering travel advances into the Integrated Automated Travel

System (IATS). This occurred primarily due to a lack of effective training for settlement clerks in processing advances. We also found that some settlement offices were unable to ensure proper liquidation of travel advances because settlement clerks did not always verify in the Automated Disbursing System that a traveler had previously received an advance. We found that the Navy overstated by \$26.1 million the amount of outstanding travel advances reported in its FY 2002 Annual Financial Report due to a posting error by the Defense Finance and Accounting Service. The lack of standardized guidance and training increases the likelihood of errors and material misstatements in the Navy's financial statements. When settlement office and command personnel are not adequately trained and lack sufficient travel advance guidance to ensure that travel vouchers are properly processed and liquidated, advances can go unnoticed, resulting in overpayments that remain outstanding.

Corrective Actions

To correct the conditions noted in this report, we addressed five recommendations (3-5, 7 and 8) to the Assistant Secretary of the Navy for Financial Management and Comptroller, and three recommendations (6-8) to U.S. Fleet Forces Command/U.S. Atlantic Fleet. During utilization discussions with personnel from those commands, it was decided to redirect Recommendations 6-8 to the Navy Personnel Command (PERS-33/PERS-673). We also addressed three recommendations to the Commandant of the Marine Corps, two recommendations to five specific Navy major claimants, and one to the Naval Reserve Forces Command. The recommendations primarily pertain to establishing specific guidance and controls for APC responsibilities; travel voucher approval and submission; and travel advance processing, liquidating, and reporting. Specific recommendations are contained in Section B of this report. All commands took or plan to take appropriate corrective actions on all recommendations.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls. Recommendations 1 through 6 would require improvements to the GTCC program. We identified the travel card program as a significant internal control weakness that should be considered for reporting in the next annual memorandum of material internal control weaknesses to the Secretary of the Navy.

Section A

Introduction

Background

In response to a request by the Office of Financial Operations (FMO), Assistant Secretary of the Navy for Financial Management and Comptroller, we conducted a review of the Department of the Navy (DON) end-to-end travel process¹ to determine the causes for travel delinquency within its Government Travel Charge Card (GTCC) program. Specifically, FMO asked us to determine if the desired program performance was being achieved, and to make recommendations to improve accountability and efficiency. The request was generated by a recommendation from the Department of Defense (DoD) Charge Card Task Force to conduct an evaluation at selected locations to determine whether improvements in the end-to-end travel process would speed reimbursements to DoD travelers. The Task Force could not determine the extent to which inefficiencies in the end-to-end travel process were causing late reimbursement for official travel expenses.

Additionally, we reviewed DON's travel advances as portrayed in its Fiscal Year (FY) 2002 Annual Financial Report. Specifically, General Fund², Note 6 to the Principal Statements, reported \$171,190,019 in *Other Assets (With the Public)* for FY 2002. According to DoD Financial Management Regulation (FMR) Volume 6B, Chapter 10, this line item includes advances such as military pay advances; travel advances and advance-payment pool agreements; and prepayments such as rents, royalties, and supplies. Since the FY 2002 Annual Financial Report provides a means for Congress and the public to review and measure the effectiveness of the Navy's financial responsibility, we verified the reported outstanding travel advances (OTAs) figure to ensure its accuracy and appropriateness.

Objectives

The audit objectives were to verify:

- The accuracy and appropriateness of DON outstanding advances;
- The causes of travel card delinquencies in the end-to-end travel process; and

¹ The end-to-end travel process encompasses submission of travel vouchers, tracking returning travelers' claim filing, obtaining necessary approvals, transmittal of travel vouchers, and voucher settlement.

² For the purposes of financial reporting, DON is organized into two reporting entities: the Navy Working Capital Fund (NWCF) and the General Fund (GF). Each fund supports the department's overall mission, but where the GF receives direct appropriations from Congress, the NWCF relies principally on reimbursements from the GF and from other revenue sources.

- That management controls are in place and functioning to detect errors and comply with laws and regulations.

Scope and Methodology

This report conveys summary information regarding our audit review of DON travel card delinquencies and travel advances. The audit was conducted between 12 February through 24 November 2003 at 23 Navy and Marine Corps activities and 11 DON settlement offices. The 23 activities were judgmentally selected based upon number of delinquent accounts, dollar value of delinquencies, and geographic location. The settlement offices selected for review service the selected 23 activities. Activities visited are listed in Exhibit A. We conducted the audit in accordance with Generally Accepted Government Auditing Standards.

To determine the causes of travel card delinquencies, we analyzed 847 out of 5,773 delinquent DON cardholders' travel data dated July 2002 through March 2003. The 23 selected Navy and Marine Corps activities had 847 delinquent travel cardholders, whom we analyzed; across DON, there were 5,773 delinquent travel cardholders. Various methods were used in performing our review. These included use of system analyses, limited testing, and review of operations. We obtained and examined documentation, records, and reports; evaluated evidence; reviewed procedures; assessed related internal controls; and held discussions with activity officials. We also reviewed prior Naval Audit Service, DoD Inspector General, and General Accounting Office audit reports.

To assess the appropriateness of travel advances, we reviewed documentation supporting the advances on the financial statements with personnel at the Defense Finance and Accounting Service (DFAS), Cleveland Center, and discussed financial statement presentation of travel advances. DFAS-Cleveland Center gave us copies of two memorandum reports they sent to FMO that summarized problems their field sites had identified while researching OTAs, and contained recommendations to reduce the number of OTAs. We obtained research packages that identified common OTA problems from DFAS-Cleveland field sites at Charleston, SC and Norfolk, VA; we also discussed with personnel from the DFAS-Cleveland field site in San Diego, CA problems they were seeing with OTAs. We held discussions about problems with travel advances with personnel from selected commands at U.S. Fleet Forces Command/U.S. Atlantic Fleet (CFFC/COMLANTFLT) and at the Navy's Bureau of Naval Personnel Command Permanent Change of Station, Variance Component (BUPERS PCSVC), who are working to resolve problems with OTAs. We obtained research packages on OTAs, as examples of common problems, from the CFFC/COMLANTFLT commands we visited. BUPERS PCSVC gave us a letter report of problems they have seen with travel advances that contained recommendations to reduce OTAs. We also reviewed guidance and procedures for processing travel advances at field settlement offices at the Personnel Support Activity Norfolk and its detachments at the Anacostia Annex in Washington,

DC; Naval Air Station, Oceana, VA; Naval Shipyard, Portsmouth, VA; and Naval Amphibious Base, Little Creek, VA.

To assess the DON management control environment for the travel card program and travel advances procedures, we verified the existing travel process through cycle memorandums, including travel card management and oversight, by interviewing officials from DON and DFAS. We also reviewed applicable policies, procedures, and program guidance. We used a 31 March 2003 database of travel card delinquencies to test the implementation of key controls over the end-to-end travel process by reviewing the travel order, travel voucher, and settlement and payment process at the 23 activities visited. To determine if cardholders were reimbursed on time, we used payment dates included in travel voucher summaries.

We briefed Navy leadership, including Assistant Secretary of the Navy (Financial Management and Comptroller) officials, and unit commanders and travel card Agency Program Coordinators of the details of our audit, including our findings and recommendations. We incorporated their comments where appropriate.

Section B

Findings, Recommendations, and Corrective Actions

Finding 1

Agency Program Coordinator Responsibilities and Controls

Synopsis

The Department of the Navy (DON) Government Travel Charge Card (GTCC) Agency Program Coordinators (APCs) did not always monitor cardholder reports, maintain cardholder records, or train cardholders in accordance with DON and Department of Defense (DoD) requirements. APCs were noncompliant due to a lack of full awareness of their responsibilities in managing and executing the GTCC program, and because Commanding Officers (COs) were not always holding APCs accountable for all required duties. The APC noncompliance with monitoring required reports, maintaining statement of understanding (SOU) documentation, and training cardholders annually are internal control deficiencies that hinder DON efforts to be proactive regarding cardholder accountability, which results in a less-effective travel card program.

Discussion of Details

Background and Pertinent Guidance

The APC is essential in the proper management of the GTCC program. Each command has at least one APC designated by the CO to execute the GTCC program for the command. Therefore, APCs are responsible to the CO for GTCC execution. Examples of APC's responsibilities include processing routine card applications, educating cardholders, acting as intermediaries, managing routine operations, and monitoring travel card usage through electronic reports.

Reports are considered the primary program tools and are available via Bank of America's Electronic Account Government Ledger System (EAGLS). The EAGLS has numerous built-in reports to assist APCs with identifying cardholder account status as well as misuse or abuse of travel cards. DoD Financial Management Regulation (FMR) 7000.14-R, Volume 9, Chapter 3 lists six³ mandatory reports provided by Bank of America for use by APCs. Marine Corps Order 4600.40A states that these six reports are

³ The EAGLS reports include the Cardholder Account Listing, Account Activity Report, Delinquency Report, Pre-suspension/Pre-cancellation Report, Suspension/Cancellation Report, and Renewal Report.

the minimum that unit-level APCs must request and reconcile to ensure that their commands' programs are current. Also, the eBusiness Operations Office Instruction 4650.1, Chapter 2 states that APCs should review the following minimum account data: the status of delinquent accounts including actions taken, percentage of delinquent accounts by dollar value, employees in salary offset, accounts recommended for closure due to non-use, and infrequent traveler accounts which have been deactivated.

The eBusiness Operations Office Instruction 4650.1, Chapter 2 and DoD FMR 7000.14-R, Volume 9, Chapter 3 require the APC, as the day-to-day manager of the travel card program, to maintain all pertinent records for assigned cardholders. APCs shall maintain files on all cardholder activity for check-in/check-out, SOUs, and other copies of documents. When the cardholder transfers, the gaining APC shall establish needed records. For individual applicants, these records shall include a copy of the application and a copy of the signed DoD SOU.

The eBusiness Operations Office, in its role as the Navy's Component Program Manager, shall train APCs in the requirements of the task concurrent with the on-site training provided by the card contractor. Commanders and COs are responsible for ensuring that all personnel are provided required travel card training prior to issuance of a travel card. Emphasis should be placed on proper and prohibited use of the card, the use of split disbursements, the need to pay bills on time, the imposition of late fees for late payments or returned checks, salary offset provisions, credit bureau reporting, and administrative or disciplinary actions. DoD FMR, Volume 9 defines split disbursement as "A payment option whereby the traveler can designate that a specified amount of his or her travel entitlement be sent directly to the SmartPay travel card contractor to pay down his or her account, with the remainder of the entitlement sent to his or her direct deposit account." Commanders and COs are also responsible for including training on proper use of the travel card as part of the mandatory annual Standards of Conduct briefing to all employees and military personnel.

Audit Results

We found APC noncompliance with cardholder report monitoring, recordkeeping, and training. To assess this area, we interviewed 29 APCs at 23 commands across 10 Major Claimants regarding their role in managing and executing the GTCC program. Specifically, we analyzed APCs' responsibilities required by DoD and DON guidance critical to accomplishing their oversight role, including check-in/out procedures, EAGLS report monitoring, APC and cardholder training, and accountability of delinquent cardholders. Command personnel we visited advised us of their ongoing efforts to improve their travel charge card programs, particularly regarding delinquencies – a high concern in DON. Our analysis of deliberations and records disclosed material internal control deficiencies resulting in recommendations made to further improve command travel card program effectiveness. APC noncompliance is detailed in the following paragraphs and summarized in Exhibit B.

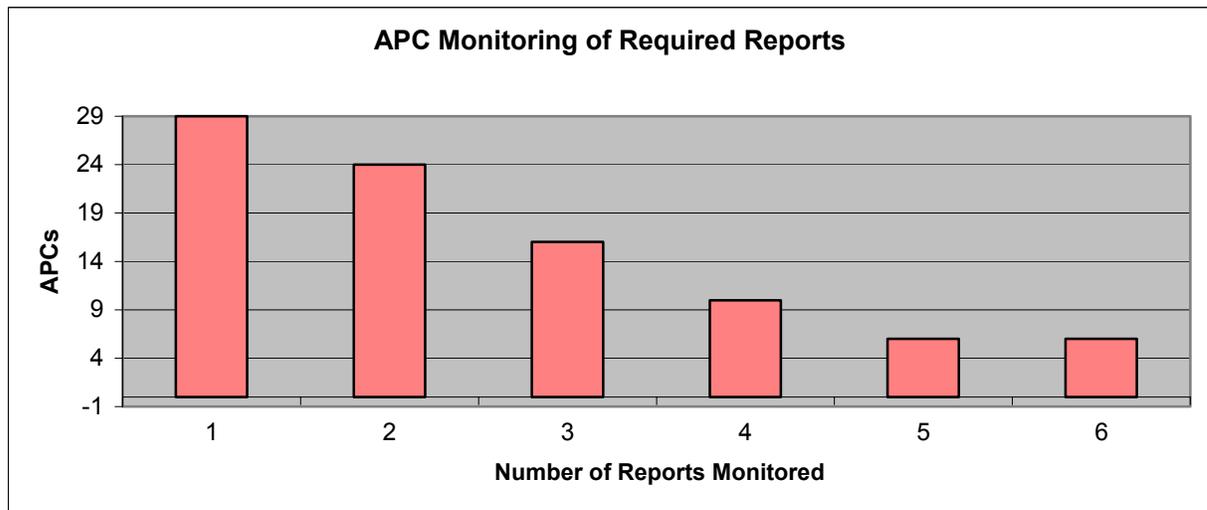
EAGLS Monitoring

Our APC interviews and analysis of documents disclosed that 23 of 29 APCs from 20 of 23 Navy and Marine Corps activities were not consistently monitoring all of the mandatory reports from the EAGLS to properly identify cardholders' monthly account status, or to find misuse or abuse of travel cards. During interviews, 29 APCs throughout 23 Navy and Marine Corps activities identified the EAGLS reports they monitored at least monthly. Our analysis of APCs' responses disclosed that their report monitoring varied notably. Only six APCs (21 percent) monitored all six of the mandated reports. Figures 1 and 2 below summarize the number of required reports each interviewed APC indicated monitoring.

Fig. 1. APC Monitoring of Required Reports

Number of Required Reports Monitored	Number of APCs	Percentage of 29 APCs
Monitored at least 1 of 6 required reports	29	100
Monitored at least 2 of 6 required reports	24	83
Monitored at least 3 of 6 required reports	16	55
Monitored at least 4 of 6 required reports	10	34
Monitored at least 5 of 6 required reports	6	21
Monitored all 6 of 6 required reports	6	21

Fig. 2. APC Monitoring of Required Reports



The six required reports are the primary program tools for APCs to identify cardholder account status and card usage. We asked the APCs which of the six required reports they monitored and found a lack of full compliance as summarized in Figure 3 below and detailed on the next page.

Fig. 3. Specific Reports Monitored

Required Report	APCs Monitoring this Report	Percentage of 29 APCs
Delinquency Report	29	100
Account Activity Report	21	72
Cardholder Account Listing	16	55
Pre-suspension / Pre-cancellation Report	13	45
Suspension / Cancellation Report	6	21
Renewal Report	6	21

- All 29 APCs indicated monitoring the delinquency report, which identifies delinquent cardholders. It also ages delinquencies by time frame (i.e., 30, 60, 90, 120 or more days).
- 21 APCs (72 percent) indicated monitoring the account activity report that identifies cardholder activity, including ATM usage, during the recent billing cycle. The report is useful in determining potential misuse of the travel card.
- 16 APCs (55 percent) indicated monitoring the cardholder account listing, which identifies cardholder names, addresses, telephone numbers, Social Security numbers, and account numbers of those assigned to the APC's hierarchy. It is useful to ensure that hierarchy information is current and reconciles with activity information on file.
- 13 APCs (45 percent) indicated monitoring the pre-suspension/pre-cancellation report, which lists accounts eligible for suspension or cancellation and identifies account names, account numbers, status, balances past due, and the number of days that each account is past due. This report is recognized as a key to successful program execution when it is acted upon aggressively to prevent accounts from becoming suspended or cancelled.
- 6 APCs (21 percent) indicated monitoring the suspension/cancellation report, which lists accounts that have been suspended or cancelled and identifies account names, account numbers, status (suspended or cancelled), date of status, balances past due, and the number of days that each account is past due.
- 6 APCs (21 percent) indicated monitoring the renewal report, which identifies cardholders whose cards are coming due for renewal, as each card has an expiration date. This report is useful to prevent automatic renewal of accounts of cardholders who have transferred, separated, or terminated their employment.
- 12 APCs (41 percent) indicated monitoring additional reports from EAGLS that were not among the six required reports.

Some APCs were not aware of the DoD report-monitoring requirement. Others pointed out that their APC duties were substantial for a collateral duty. We did note that some APCs were required to provide oversight to a large number of cardholders as collateral duties while also attending to their primary responsibilities. However, we did not find a correlation between the number of cardholders per APC and the delinquency rate.

The inconsistency in report monitoring occurred because APCs lacked formal training on APC duty requirements, including report and account status monitoring. Lack of training is discussed in more detail in the “Training” section later. Furthermore, COs should have held APCs accountable for monitoring the six mandated reports and the minimum required account status information needed for effective program execution. By not monitoring all required reports and minimum account status information, APCs increased the risk that travel card abuse will go undetected and that cardholders will not be held accountable. Exhibit B identifies each visited command’s noncompliance with APC monitoring.

Statement of Understanding

We found that 8, or 32 percent, of interviewed Navy and Marine Corps APCs did not require cardholders transferring into their hierarchy to sign a SOU as required by the DoD FMR and DON e-Business Instruction 4650.1. One of these APCs did not require a signed SOU for new cardholders either. By signing the SOU, the cardholder certifies having read travel card policy and procedures and acknowledges responsibility to use the card only for official travel, and to pay all charges upon receipt of the monthly statement from the card contractor. In addition, the cardholder acknowledges the possibility of disciplinary action for failure to abide by the rules. In the case of card abuse, such as delinquency, APCs cited examples of disciplinary action including counseling, signed remediation plans, written reprimands in personnel files, Captain’s Mast, and removal of security clearances.

A major reason for inconsistent requirement of SOUs was APCs’ indication that an SOU was only required for new cardholders since they assumed that existing cardholders had signed an SOU for their initial APC. The APC cannot rely on the assumption that an earlier SOU has been signed. SOUs should transfer with the cardholder; otherwise, the APC should require an SOU to be signed for their current APC hierarchy records.

The CO’s ability to hold the cardholder accountable for delinquency and misuse is hindered without a signed SOU, which is the cardholder’s acknowledgement of responsibilities as a GTCC program cardholder. Exhibit B identifies command noncompliance with SOU recordkeeping.

Training

We found that GTCC program training across DON was insufficient. Specifically, our review disclosed that 24 APCs at 18 of 23 Navy and Marine Corps activities lacked at

least one of the following types of GTCC program training: formal APC training, training on the use of EAGLS, or annual cardholder training. At the time of our APC interviews:

- 16 APCs (64 percent) lacked formal APC training.
- 10 APCs (43 percent) lacked training on EAGLS.
- 18 APCs (78 percent) indicated that their cardholders were not required to attend annual travel card training

Travel card management experience of 29 APCs we interviewed ranged from a few weeks to 4 years. Lack of APC and EAGLS training was found among both new and experienced APCs. APC training sources include conferences, and Bank of America, command, or video teletraining; topics include policies, program updates, program controls, procedures, and delinquency management. The DON eBusiness Operations Office provided information on training opportunities and policy regarding the GTCC program; we have included that information in Exhibit C. EAGLS training was offered on-site if at least 25 APCs attended, and was offered off-site at Bank of America training labs and covered navigation, as well as reporting. Some APCs mentioned utilizing CDs, the Internet, and EAGLS help screens for training. However, in many cases, APCs stated they had little or no access to the knowledge of the previous APC, and few indicated awareness of self-training resources. Therefore, in order to be as effective as possible, it is vitally important for APCs to be trained on their responsibilities and the tools available regarding execution of the GTCC program.

We noted that APCs emphasized some form of cardholder training during card issuance; however, most APCs acknowledged that cardholders were not required to attend annual training. Cardholder training involved policy, procedures, and proper usage, but few commands we visited incorporated the travel card program with required annual training such as general military training. Some of the APCs whose cardholders were not required to attend annual training at least offered training upon request, or sent out refresher briefings or attempted to conduct training when group travel took place.

The GTCC program training for APCs and cardholders across DON was insufficient because training was not a priority. Specifically, APC training, including EAGLS training, was not a priority for the following reasons:

- The minimum requirements for on-site training, which were attendance of about 25 APCs, reservation of adequate computer facilities space, and the need for attending APCs to forgo their regular duties for up to 3 days;
- The travel expense of sending APCs to off-site training, compounded by high turnover in the APC position;

- Training was only deemed necessary for certain APCs, such as those with the highest delinquency percentage or those at a certain hierarchy level.

Command prioritization of APC training is critical since, in many cases, APCs had little or no access to the knowledge of the previous APC, and few indicated an awareness of self-training resources. Annual cardholder training was not made a priority because of reliance on initial explanations during card issuance and on disciplinary actions taken after card abuse. Annual training is necessary to refresh initial training and help prevent the need for disciplinary action.

Lack of APC training also contributed to inaccurate cardholder listings. In one of the activities we visited, we found out that a cardholder had transferred to another location but still remained on the previous activity's account listing. This particular cardholder was included in the activity account listing with two Government charge cards. Further review disclosed that one card was deactivated, the other closed. Undetected incidents of cardholders with more than one card place the travel card program at greater risk of abuse. The APC cited a lack of training as the reason for not correcting the activity's listing of cardholders. We also heard anecdotal examples of cardholders with more than one active card. APCs took corrective action but this highlights the need for vigilant monitoring of cardholders' accounts and for APC training on what actions to take when deficiencies are found.

Noncompliance with required APC training and annual cardholder training resulted in an internal control deficiency since the lack of formal training could result in a higher risk of cardholder abuse and increased risk of undetected abuse. Exhibit B identifies command noncompliance with training.

Delinquency Notification - Best Practices

Overall, APCs indicated that they followed the DoD FMR's prescribed 60-, 90-, and 120-days delinquency notification procedures. The DON goal for delinquencies is four percent, and commands are evaluated on meeting this goal based on the outstanding dollar value of cardholder accounts that are greater than 60 days delinquent is. We encountered several APCs that conducted delinquency notification at the 30-day delinquency interval – typically in the form of an informal e-mail to the cardholder – that we consider a proactive initiative to reduce delinquencies.

Reasons for Noncompliance

Noncompliance with report monitoring, recordkeeping, and training requirements was a result of a lack of awareness of guidance regarding responsibilities and the lack of accountability over full compliance with APC duties. As stated previously in the "Pertinent Guidance," the DoD FMR, an e-Business Instruction, and a Marine Corps Order address APC as well as CO responsibilities. However, when asked to identify APC guidance they followed, four APCs stated that there were no standard operating

procedures or instructions for APCs; other APCs displayed a limited knowledge of APC guidance. All but one APC we interviewed partially met the requirement for maintaining SOUs on file by requiring all new card applicants to sign a SOU, but accountability was lacking to ensure that APCs also required transferring cardholders to sign an SOU at their new activity. Overall, APCs' commands utilized a minimum form of cardholder training when issuing cards, but there was no accountability for the CO requirement to ensure that annual training was conducted for travel cardholders. Analysis of existing management inspections of command APCs indicated that inspections did not address full compliance with account monitoring and SOU and training requirements.

Likewise, adequate emphasis was not provided to ensure that all APCs took advantage of the various training opportunities available. For required report monitoring, all 29 APCs pulled the required delinquency report, as they were accountable to their COs and APC hierarchy for monthly results. However, the remaining five required reports were not consistently used because similar emphasis was not placed on results from these reports.

The SOUs, cardholder and APC training, and each of the required reports are important tools for an effective proactive card program. Therefore, APC management should ensure that APCs comply with all applicable requirements.

Impact on Program Effectiveness and Accountability

Monitoring each of the required reports, requiring all cardholders to have a signed SOU on file, and training of cardholders and APCs all contribute to a proactive approach to facing potential GTCC program problems. The signed SOU is a foundation to hold cardholders accountable for abuses, including delinquencies, by their acknowledgement of responsibilities and of possible disciplinary consequences. Annual cardholder training reinforces that foundation. The required reports provide cardholder account status information that can signal potential abuses and alert APCs of the need to take action. Adequate APC training enables APCs to make use of the tools available, such as SOUs and EAGLS reports, to execute the GTCC program in the most effective manner. Noncompliance with the monitoring, recordkeeping, and training requirements is an internal control deficiency that can result in an increased risk of travel card abuse and hinder APCs' ability to hold cardholders accountable.

Recommendations

We recommend that the Commandant of the Marine Corps, U.S. Atlantic Fleet, U.S. Pacific Fleet, Naval Sea Systems Command, Naval Air Systems Command, U.S. Naval Forces Europe, and Naval Reserve Forces Command:

Recommendation 1. Require that annual inspection programs include compliance with DoD and DON GTCC program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually.

- **Marine Corps response to Recommendation 1.** Concur. The Marine Corps stated that all items were currently in their Inspector General checklist with the exception of annual cardholder training. The Marine Corps will modify their Inspector General checklist to include training cardholders annually.
 - **Naval Audit Service comments on Marine Corps response.** In subsequent communication, management provided a completion date of 5 April 2004. Actions taken meet the intent of the recommendation.

- **U.S. Fleet Forces Command/U.S. Atlantic Fleet response to Recommendation 1.** Concur. U.S. Fleet Forces Command/U.S. Atlantic Fleet will ensure that the appropriate DoD and DON GTCC program requirements (e.g. monitoring all six required EAGLS reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually) are incorporated into the next update of their “command self-assessment” and Type Commander’s annual inspection program checklists. Estimated completion date for this action item is 31 May 2004.
 - **Naval Audit Service comments on U.S. Fleet Forces Command/U.S. Atlantic Fleet response.** Actions planned meet the intent of the recommendation.

- **U.S. Pacific Fleet response to Recommendation 1.** Concur. The U.S. Pacific Fleet will require that annual inspection programs include compliance with DoD and GTCC program requirements. The Fleet also will develop a GTCC Program Management Evaluation Checklist to be included in each command’s Management Control Program review. A draft copy of the check-off list will be submitted to the DON eBusiness Operations Office for review by mid-January 2004.
 - **Naval Audit Service comments on U.S. Pacific Fleet response.** In subsequent communication, management provided a completion date of 30 April 2004. Actions taken meet the intent of the recommendation.

- **Naval Sea Systems Command response to Recommendation 1.** Concur. The Naval Sea Systems Command will request its Office of the Inspector General to include the GTCC Program as an integral part of the inspection process for all scheduled field activity inspections. In addition, activities will be required to confirm the six mandatory reports are generated, reviewed, and appropriate action taken on a monthly basis.

Subsequently, management provided a target completion date of 30 April 2004.

- **Naval Audit Service comments on Naval Sea Systems Command response.** Actions planned meet the intent of the recommendation.
- **Naval Air Systems Command response to Recommendation 1.** Concur. The Naval Air Systems Command has incorporated in its annual Command Inspection Program the requirements governing the GTCC program as set forth in DoD and DON regulations. The date of completion was 15 December 2003.
 - **Naval Audit Service comments on Naval Air Systems Command response.** Actions taken meet the intent of the recommendation.
- **U.S. Naval Forces Europe response to Recommendation 1.** The U.S. Naval Forces Europe required subordinate commands to provide a monthly status update on all six required reports, in addition to the already existing monthly status report on delinquent cardholders. Date of completion was 1 January 2004.
 - **Naval Audit Service comments on U.S. Naval Forces Europe response.** Actions taken meet the intent of the recommendation.
- **Naval Reserve Forces Command response to Recommendation 1.** Concur. The Naval Reserve Forces Command will incorporate the DoD and DON GTCC program requirements into Naval Reserve Forces Command Instruction 4650.1a.
 - **Naval Audit Service comments on Naval Reserve Forces Command response.** In subsequent communication, management provided a revised completion date of 28 May 2004. Actions planned meet the intent of the recommendation.

We recommend that the Commandant of the Marine Corps, U.S. Atlantic Fleet, U.S. Pacific Fleet, Naval Sea Systems Command, Naval Air Systems Command, and U.S. Naval Forces Europe:

Recommendation 2. Require that APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS.

- **Marine Corps response to Recommendation 2.** Concur. The Marine Corps, in conjunction with the Navy eBusiness Office, conducted an

annual APC conference 1-4 March 2004. This training addressed the issues outlined in the audit and included program responsibilities/duties and EAGLS. The Marine Corps will continue to maximize the advantage of such training in the future to ensure that its personnel are well trained on this subject.

- **Naval Audit Service comments on Marine Corps response.** In subsequent communication, management confirmed that actions were completed on 4 March 2004. Actions taken meet the intent of the recommendation.
- **U.S. Fleet Forces Command/U.S. Atlantic Fleet response to Recommendation 2.** Concur. U.S. Fleet Forces Command/U.S. Atlantic Fleet will require that its APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS. The target completion date is 31 May 2004.
 - **Naval Audit Service comments on U.S. Fleet Forces Command/U.S. Atlantic Fleet.** Actions planned meet the intent of the recommendation.
- **U.S. Pacific Fleet response to Recommendation 2.** Concur. The U.S. Pacific Fleet will develop and implement a quarterly APC training Review Program.
 - **Naval Audit Service comments on U.S. Pacific Fleet response.** In subsequent communication, management provided a revised target completion date of 30 April 2004. Actions planned meet the intent of the recommendation.
- **Naval Sea Systems Command response to Recommendation 2.** Concur. The Naval Sea Systems Command will require level 3-6 APCs to complete mandatory training through GTCC computer based training and eBusiness Office on-line training. APCs will forward proof of completion of the training session to NAVSEA 103 on a yearly basis. The target completion date is 31 May 2004.
 - **Naval Audit Service comments on Naval Sea Systems Command response.** Actions planned meet the intent of the recommendation.
- **Naval Air Systems Command response to Recommendation 2.** Concur. The Naval Air Systems Command is creating an enterprise team comprised of all business unit APCs. The leader of this team will ensure that consistent processes and procedures are provided to all APCs and that

each APC receives formal training. APCs will be required to respond to the Naval Air Systems Command GTCC Program Manager regarding completion of training and APC requirements.

- **Naval Audit Service comments on Naval Air Systems Command response.** In subsequent communication, management provided a revised target completion date of 15 May 2004. The recommendation is open. Actions planned meet the intent of the recommendation.
- **U.S. Naval Forces Europe response to Recommendation 2.** The U.S. Naval Forces Europe will require all commands that manage a GTCC program to report in writing the type of formal training their APCs have received. At a minimum, all APCs will read and familiarize themselves with the eBusiness Instruction 4650.1, APC Desk Guide, and the DoD FMR 7000.14-R, Volume 9, Chapter 3. In addition, each APC will complete training using EAGLS. All new APCs will report completion of formal training within two months of assuming their new position. The recommendation is open with a planned completion date of 31 May 2004.
 - **Naval Audit Service comments on U.S. Naval Forces Europe response.** In subsequent communication, management provided a revised target completion date of 31 May 2004. Actions planned and taken meet the intent of the recommendation.

We recommend that the Office of the Assistant Secretary of the Navy for Financial Management and Comptroller:

Recommendation 3. Direct APCs to notify GTCC program cardholders of delinquencies no later than the 45-day interval.

- **Office of the Assistant Secretary of the Navy for Financial Management and Comptroller response to Recommendation 3.** Concur. The Office of the Assistant Secretary of the Navy for Financial Management and Comptroller staff recommended during recent meetings with DoD travel card managers revising the DoD FMR Volume 9, Chapter 3 to require APCs to notify cardholders of delinquencies no later than 45-day interval vice the current 55 days.
 - **Naval Audit Service comments on response to Recommendation 3.** The Office of the Assistant Secretary of the Navy for Financial Management and Comptroller's comments acknowledge the need for APCs to notify cardholders of delinquencies no later than 45-day interval vice the current 55-days. In subsequent communication, management provided a

target completion date for updating FMR of 30 June 2004.
Actions planned will meet the intent of the recommendation.

Finding 2

Travel Voucher Approval/Submission Process

Synopsis

Internal controls over the DON's travel voucher process are not sufficient to ensure that vouchers are properly prepared, approved, and submitted within the required timeframe; and that the split disbursement is used to the maximum extent possible. The DoD provides specific guidance on the timeframe of travel voucher submission, tracking of submission, receipt of travel vouchers, and the use of split disbursement for military personnel. DON also provides guidance on the use of split disbursement for military personnel. However, this guidance has not been fully implemented to correct the noted material internal control deficiencies. This condition exists because Approving Officials (AOs) are not effectively monitoring the submission and receipt of travel vouchers, and commands and settlement offices are not consistently requiring that travel vouchers be reviewed, signed, and dated by the AO or supervisor. A resulting effect of these lapses in internal controls over the travel voucher process is the potential for delayed reimbursement to travelers. In addition, allowing travel vouchers to be liquidated without the required AO/supervisor review, signature, and date has the potential to hinder the enforcement of split disbursement, which negatively affects the DON effort to reduce delinquencies.

Discussion of Details

Background and Pertinent Guidance

DoD FMR, Volume 9, Chapter 8 states that in cases of extended (over 45 days) temporary duty (TDY), travelers are required to submit a travel voucher for each 30-day period. The travel voucher must be submitted within 5 days after each 30-day period ends. Further, Chapter 8 requires travelers to submit a properly prepared travel voucher to their AO/supervisor within 5 calendar days after the completion of travel. Specifically, the regulation states that the late payment fee is calculated using the prevailing Prompt Payment Act interest rate beginning on the 31st day after the signature and date of the travel voucher signed by the AO/supervisor, and ending on the date of payment. According to the above guidance, it is mandatory for the AO/supervisor to receive the travel voucher within 5 days of the completion of travel, and to sign and date the travel voucher. Additionally, DoD FMR, Volume 9, Chapter 3 requires a satisfactory recordkeeping system to be maintained by the AO to track submission and receipt of travel vouchers.

The DoD Memorandum, "Implementation of Legislative Changes to the Department of Defense Travel Charge Card Program," dated 23 April 2003, requires military departments and defense agencies to immediately implement mandatory split

disbursement for military personnel. All expenses of official travel are to be separately identified in travel vouchers so that payments for the charges may be disbursed directly to the travel charge card contractor. Upon review, AO/supervisors are to return to the traveler for correction vouchers that do not accurately reflect the charges to be disbursed directly to the travel charge card contractor.

Assistant Secretary of the Navy for Financial Management and Comptroller Memorandum, "Implementation of Legislative Changes to the DoD Travel Charge Card Program," dated 22 May 2003, states that implementation of the mandatory split disbursement will be accomplished through the travel voucher approval process. Individuals are responsible for designating an amount equal to the charges on the travel card to be sent to the travel charge card contractor. The policy states that the AO will ensure that the traveler is using the split disbursement option to the maximum extent possible. It also states that the AO will return travel vouchers submitted by uniformed service members that, at a minimum, do not accurately reflect reimbursable charges for which travel card use is mandatory.

Audit Results

Internal controls over DON's travel voucher submission and approval process are not sufficient to ensure that travel vouchers are submitted within the required timeframe, prepared properly, and that split disbursements are used to the maximum extent possible. DoD FMR and DON instructions provide activities with specific guidance on the timeframe of travel voucher submission, tracking, receipt of travel vouchers, and the use of split disbursement for military personnel. Specifically, we noted that the current system of internal controls allowed the following to occur:

- Travel voucher submission after the completion of travel to exceed the 5-day maximum set by DoD policy.
- Travel vouchers to be liquidated without the required review, signature, and date by the AO/supervisor.

We performed specific analysis to determine whether the existing system of internal controls ensured that travel vouchers complied with DON and higher guidance. We reviewed the end-to-end travel process, including the APC role and responsibilities, at 23 judgmentally selected major claimants, commands, and settlement offices. In addition to reviewing the travel voucher liquidation process at 11 settlement offices, we reviewed the end-to-end travel process and APC role and responsibilities at 23 commands across 10 major claimants. Additionally, we requested all travel orders, travel vouchers, and documentation of reimbursement (travel voucher settlement) from July 2002 through March 2003 for 847 DON cardholders that were delinquent as of March 2003. Documentation was provided to us during our visits to 23 commands between March 2003 and July 2003.

During August 2003, we analyzed the documents received from the commands. We analyzed the following dates:

- Traveler returned from travel;
- Traveler signed their voucher;
- AO signed the voucher;
- Voucher was submitted to the servicing settlement office; and
- Reimbursement was paid to the cardholder (and/or split payment to cardholder's charge card account).

We found that the approving officials were not effectively monitoring travel voucher submission within the 5-day maximum timeframe specified by the DoD FMR. Twelve of the 23 commands (52 percent) did not have a recordkeeping system in place to track the timely submission and receipt of travel vouchers. The results from our analysis of the documents indicated that 30 percent of the travel vouchers were not completed by the traveler within the 5-day requirement.

During our review, only 18 of the 23 commands indicated a requirement for a supervisor, AO, or a designated travel clerk to review and sign travel vouchers before submission to the settlement office. From our analysis of the documents provided, we found that 41 percent of the travel vouchers reviewed did not have the required approving official signature as specified in DoD guidance.

Further, at one of the Navy activities visited we encountered a situation in which a delinquent cardholder might also have been delinquent in failing to file a voucher for a travel advance. The cardholder's supervisor, who was coincidentally the APC, learned of the situation during our meeting. Although the supervisor initiated action to resolve the problem, this incident illustrates the importance for AOs to establish, maintain, and review a satisfactory recordkeeping system for tracking the submission and receipt of travel vouchers.

Reasons for Insufficient Travel Voucher Process Internal Controls

DON does not require AOs/supervisors to maintain a recordkeeping system to track the submission and receipt of travel vouchers as mandated by DoD FMR. Also, commands and settlement offices within DON were not consistently requiring travel vouchers to be reviewed, signed, and dated by the AO/supervisor as required by Navy instructions and higher guidance. Further, AOs did not taking an active role to ensure that travelers were submitting vouchers within 5 calendar days after the completion of travel. It is imperative for AOs to maintain and review a recordkeeping system to ensure the timely submission and receipt of travel vouchers.

A contributing factor for the lack of AO signatures was some commands' and settlement offices' failure to require AO/supervisors' signatures on the travel vouchers of military personnel. Exceptions were if there was a variation in the itinerary or if claimed expenses were not listed on the travel orders. Thus, some AOs/supervisors were not involved in the travel voucher submission and approval process, and settlement offices were not always returning travel vouchers that lacked the AO/supervisor's signature.

Impact of Travel Voucher Submission/Approval Process

The effect of lapses in internal controls over the travel voucher process was the potential for delayed reimbursement to travelers. Also, liquidating travel vouchers without the required AO/supervisor review, signatures, and dates has the potential to hinder the enforcement of split disbursement, which negatively impacts the DON effort to reduce delinquencies. Such lack of supervisory approval also increases the risk for fraud, waste, and abuse. Therefore, all travel vouchers submitted to a settlement office without an AO/supervisor's signature should be returned to the command for the proper review and approval. Management is responsible for implementing effective internal controls and ensuring that the travel voucher process works efficiently and effectively, as intended.

Recommendations

We recommend that the Office of the Assistant Secretary of the Navy for Financial Management and Comptroller:

Recommendation 4. Develop policy requiring AOs to establish, maintain, and review a satisfactory recordkeeping system for tracking the submission and receipt of travel vouchers as stated in DoD FMR Volume 9, Chapter 3.

- **Office of the Assistant Secretary of the Navy for Financial Management and Comptroller response to Recommendation 4.** Concur. The Office of the Assistant Secretary of the Navy for Financial Management and Comptroller stated that a recordkeeping system for tracking the submission and receipt of travel vouchers as stated by the DoD FMR Volume 9, Chapter 3 will be implemented with the deployment of the Defense Travel System (DTS). DTS will include electronic routing and approval of travel authorizations and vouchers, pre-populated vouchers to reduce the occurrence of errors, standards reports, along with direct interfaces to the accounting and disbursing systems.
 - **Naval Audit Service comments on response to Recommendation 4.** The deployment of DTS in conjunction with the development of a policy requiring AOs to establish, maintain, and review a satisfactory recordkeeping system for tracking the submission and receipt of travel vouchers will meet the intent of

the recommendation. In subsequent communication, management provided a target completion date for the Navy-wide implementation of DTS is Fiscal Year (FY) 2006. By 3 September 2004, at least 85 commands will have DTS operational capability.

Recommendation 5. Develop policy requiring AOs to review, approve, sign, and date all travel vouchers prior to submission to the settlement office.

- **Office of the Assistant Secretary of the Navy for Financial Management and Comptroller response to Recommendation 5.** Concur. The Office of the Assistant Secretary of the Navy for Financial Management and Comptroller believes AOs are more familiar with the travel conducted within their organizations, including travel card use, and are in the best position to ensure mandatory split disbursement is implemented within the DON. Although the DoD FMR allows components to waive AO review, the DON travel settlement offices have developed a phased approach to require AOs to review, approve, sign, and date all travel vouchers before submission to the settlement office. Personnel Support Activity (PSA) Atlantic released a message on 1 December 2003 stating that as of 1 January 2004 all travel claims, except some Reservists claims, must have an AO signature. The Naval Reserve Forces Command released a message on 8 January 2004 stating that all Reservists claims must have an AO signature beginning 1 March 2004.
 - **Naval Audit Service comments on response to Recommendation 5.** Although policy was developed by the travel settlement offices, the phased approach meets the intent of the recommendation.

We recommend that the Commandant of the Marine Corps and Naval Personnel Command:

Recommendation 6. Develop policy for settlement offices to require all travel vouchers to contain an AO signature and date, and develop guidance for returning to the submitting commands travel vouchers that do not contain the required AO signature.

- **Marine Corps response to Recommendation 6.** Concur. According to the Marine Corps, MARADMIN 515/03 of 6 November 2003 specifically addresses this recommendation.
- **Naval Personnel Command response to Recommendation 6.** Concur. Personnel Support Activities have now implemented the DoD policy through their own instructions/messages. Naval Personnel Command

(PERS-673) reiterated this issue in their Pay and Personnel Bulletin that was sent to the field and Fleet on 26 March 2004.

- **Naval Audit Service comments on responses to Recommendation 6.** Actions taken meet the intent of the recommendation.

Finding 3

Travel Advance Issues

Synopsis

The Navy did not accurately and appropriately process, liquidate, and report travel advances as required by DoD FMR guidance. Specifically, we found Navy settlement offices made processing errors while entering travel advance data into the Integrated Automated Travel System (IATS). This was caused by a lack of effective training for settlement clerks in processing advances. We also found that some settlement offices were unable to liquidate advances properly because settlement clerks did not always verify in the Automated Disbursing System (ADS) whether a traveler had previously received an advance. Additionally, we found that due to a Defense Finance and Accounting Service (DFAS) posting error, Navy overstated by \$26.1 million the amount of outstanding travel advances reported in its FY 2002 Annual Financial Report. The effect of the reported conditions hinders Department of the Navy goals and strategies for improving accounting and financial data. These deficiencies also increase the likelihood of errors and material misstatements in the Navy's financial statements.

Discussion of Details

Background and Pertinent Guidance

DFAS prepares the DON financial statements. Although the quality of information in the financial statements is a joint responsibility, DON management has overall responsibility for the accuracy of financial statement presentation. The DON financial statements for FY 2002 reported \$171 million in Note 6, Line 2B, "Other Assets (With the Public)," primarily consisting of travel advances and including military pay advances, advance-payment pool agreements, and prepayments for rents, royalties, and supplies. Outstanding travel advances (OTAs) are recorded in U.S. Standard General Ledger Account (USSGLA) 1410.0100 for inclusion in the financial statements.

Navy field settlement offices, including PSAs, Personnel Support Detachments (PSDs), and Disbursing Offices process travel advances for personnel assigned to shore activities. Navy ship disbursing offices process travel advances for personnel assigned to ships. Navy field and ship settlement offices are responsible for entering travel advances into the IATS⁴. The IATS uploads travel advances to the ADS, which feeds into the Standard Accounting and Reporting System in USSGLA 1410.0100, which is reported in DON financial statements.

⁴ IATS is the official travel system used by settlement offices in the Navy and DoD.

Settlement offices have access to the ADS system. The system provides military pay information, including travel advances, to the settlement offices. When a different settlement office processes a travel advance, the settlement office needs to access the ADS system, through query utilities called “RAVC” and “P00A,” to verify whether a traveler had previously received an advance.

Federal Travel Regulation (FTR), Section 301 lists expenses that qualify as travel advances, policy on the use of travel advances, and steps undertaken to collect the debt when an employee fails to repay travel advances.

DoD FMR, Volume 4, Chapter 5 provides guidance on the payment and recording of advances. DoD FMR Volume 9, Chapter 5 requires each Service to establish a process for monitoring travel advances and to initiate action if a traveler has not submitted a voucher within 15 days after the estimated date of return/arrival from travel. Specifically, the guidance assigns responsibility to the settlement office for followup actions regarding filing a travel voucher when a service member separates or retires.

DoD FMR, Volume 9, Chapter 8 provides policy for processing and liquidating travel vouchers utilizing systems other than the DTS. This policy provides responsibilities for the traveler, AO, and disbursing official.

DoD FMR, Volume 9, Chapter 6 provides general guidance for the preparation, submission, and processing of permanent change of station (PCS) travel vouchers. This guidance also requires that when travel advances are authorized, they shall be monitored to ensure that a corresponding travel voucher is filed within 10 working days of the traveler’s arrival at the permanent duty station, or immediately when the orders are canceled.

Audit Results

We found that the Navy was not accurately and appropriately processing, liquidating, and reporting its travel advances as required by DoD FMR. We reviewed the DON financial statements’ supporting documentation for FY 2002 and discussed the financial statements’ presentation of travel advances with DFAS Cleveland personnel. We obtained research packages on OTAs as examples of common problems from the DFAS field sites at Charleston and Norfolk. We also discussed OTA problems with DFAS San Diego field site personnel. Further, we discussed travel advance problems with personnel from U.S. Fleet Forces Command/U.S. Atlantic Fleet, and with staff from the Naval Personnel Command, Permanent Change of Station Variance Component (PCSVC) who were working to resolve problems with OTAs. Additionally, we reviewed guidance and procedures for processing travel advances at field settlement offices at various PSAs and their detachments.

Our analysis of records, observations, and discussions disclosed that some Navy settlement offices made processing errors while entering travel advances into the IATS, and were not always able to ensure proper advance liquidation. We also found the Navy overstated by \$26.1 million the amount of OTAs reported in its FY 2002 financial statements. These conditions were exacerbated by a lack of standardized and consolidated guidance, adequate training for settlement clerks who process travel advances, and proper advance verification procedures at Navy settlement offices. To assist the Navy in reducing OTAs, DFAS established two OTA teams with members from Cleveland Center and various DFAS field sites. The team established a list of OTAs as a baseline, researched the OTAs to determine validity, processed corrections and issued two recommendations addressed to Assistant Secretary of the Navy for Financial Management and Comptroller, Office of Financial Operations for action. However, the Navy decided not to take action on the DFAS reports.

Travel Advance Processing

During review of OTA research packages prepared by DFAS Charleston and Norfolk, we found that Navy settlement office clerks made processing errors while entering travel advances into IATS. This resulted in the recording of inaccurate travel advances in the financial system.

For example, OTA package reviews and discussions with cognizant personnel disclosed that settlement office clerks sometimes entered either the wrong line of accounting data and/or document number into the IATS. The most common accounting line error was settlement office clerks' entry of the wrong transaction type code for travel advances into IATS. For instance, when liquidating travel advances, settlement office clerks often incorrectly entered transaction type code "2D" for disbursement instead of "1K" for the advance. Furthermore, settlement office clerks sometimes entered the "1K" advance code as a debit instead of as a credit. These errors caused the travel advances to remain outstanding because the incorrect entry did not permit appropriate reversal and elimination of entries. Advances were also not reversed properly because the settlement clerks did not make appropriate reversing entries. Consequently, travel advances were inaccurately recorded in the financial system.

Bureau of Naval Personnel PCSVC officials acknowledged another common error: settlement office clerks sometimes charge the wrong appropriation when settling a PCS travel voucher, due to a misunderstanding of the dual-appropriation travel voucher process. Dual appropriations occur when a traveler undergoing a PCS move temporarily stops en route for training. Per diem paid for training paid at intermediate duty stations for less than 20 weeks should be charged to the Operations and Maintenance, Navy (O&M, N) – Temporary Duty Under Instruction (TEM DUINS) appropriation. Other trip expenses are captured either in the Military Personnel, Navy (MPN) appropriation or in the Reserve Personnel, Navy (RPN) appropriation. These PCS appropriations are included in the accounting line on service member travel orders and should be cited

separately when issuing or liquidating travel advances during the settlement processing. However, errors occurred because settlement offices did not consistently process these multiple appropriation transactions correctly.

Further, Bureau of Naval Personnel PCSVC personnel advised us of potential for another processing error. To issue PCS advances, settlement office clerks enter a non-standard document number into the IATS, such as BUPERSORDERXXXX, where XXXX is the member order number. To issue TDY advances, settlement office clerks enter a standard document number into the IATS, such as N0002202TOXXXX, where the last four digits are the unique serial number to identify the travel voucher. If a settlement office clerk incorrectly issues a PCS advance using a standard document number, then during PCS advance liquidation, settlement office clerks accustomed to nonstandard document numbers for PCS advances may overlook the advances. Therefore, the use of two document numbers has created problems during liquidation when settlement office clerks overlooked PCS advances. This can result in traveler overpayment, as the traveler would not be charged for their advance during reimbursement.

DFAS also identified OTA processing problems during their reviews. DFAS recommended that settlement offices receive training and instruction guidance in processing travel advances and travel vouchers. However, FMO replied to the DFAS memorandum reports that guidance on travel is already included in DoD FMR; thus, they did not see the need for additional Navy guidance.

Bureau of Naval Personnel PCSVC's travel advance liquidation system has helped reduce military PCS OTAs. The system corrects military PCS OTAs when possible, and reports remaining OTAs to settlement offices for action. For FY 2002, the system identified \$22.1 million in military PCS OTAs, of which approximately \$1.1 million, or between 3 and 5 percent, were overpayments. During May 2003, Bureau of Naval Personnel PCSVC sent out 1,053 notification letters informing settlement offices of \$2 million in OTAs.

Travel Advance Liquidation

We found that Navy settlement offices were not always able to ensure proper travel advance liquidation. Although required by DoD FMR, settlement offices did not always deduct advances from the total travel voucher amount paid to the traveler at liquidation, because settlement office personnel did not always use RAVC and P00A to query the ADS system for advances. For example, several of the settlement officers we interviewed acknowledged having clerks who often neglect to query ADS for any previous advances. Settlement officials commented that settlement clerks did not always have time to access the ADS system to verify the travel advance payment history for each voucher.

Our review of settlement office documents showed instances of improperly liquidated travel advances that remained outstanding. For example, a voucher provided by PSD

Oceana was overpaid by approximately \$9,000. PSD Seoul paid a traveler several partial entitlements (advances) for TDY travel from 15 October 1999 to 9 April 2000. The traveler submitted the final settlement voucher to PSD Oceana without indicating the previous advances and partial entitlement payments. PSD Oceana did not query the ADS system before liquidation and, consequently, was unaware that PSD Seoul had already made partial TDY entitlement payments to the traveler. The overpayment was unresolved for 2 years. In addition, Customer Service Desk Portsmouth personnel provided us an Expenditure Listing that indicated a settlement clerk had not properly deducted an OTA from a total travel entitlement during a voucher settlement on 25 July 2002. This resulted in traveler overpayment, with the advance remaining outstanding for approximately 6 months.

Some of the limitations to temporary authorized duty (TAD) travel advance verification in the ADS system involve cash and check advances. While observing the processing of a travel voucher at one of the visited settlement offices, we noted that a cash advance issued by a ship settlement office was not posted to the ADS system. The settlement clerk who processed the travel voucher was unable to verify in the ADS system that a cash advance had been previously issued to the traveler in the ADS system. Further, during our site visits various settlement officials and command personnel stated that deployed ships are still manually issuing cash and checks for travel advance payments, due to the unavailability of, or access restrictions to, the IATS. However, cash and check advances for TAD are not being posted in the ADS system, making the travel advance verification in ADS difficult for settlement clerks.

Another limitation of the ADS advance verification is the delay in posting afloat settlement offices' checks and advances. According to settlement office personnel, posting of cash advances takes up to 45 days to allow ship settlement offices to send monthly reports of cash and check advances to DFAS for manual entry into the STARS system. Delays also occur even if the advances are processed automatically through the IATS system. According to PSD personnel, the verification of travel advances depends upon the dates of the submission, processing of the voucher, and the posting of travel advances on ADS. Detachment personnel stated that the detachment does not have a way to immediately check for advances for TDY/TAD travel that is less than 30 days because of these posting delays.

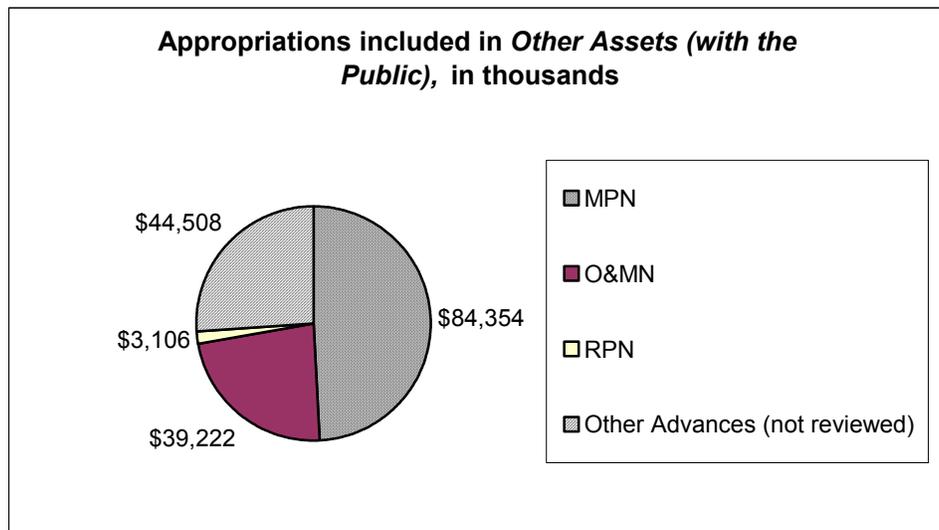
Travelers often fail to annotate receipt of advances on their voucher, according to settlement office representatives. PSA Norfolk personnel stated that to avoid travel advances being overlooked during travel voucher settlement, commands should ensure that travel advances are annotated on the voucher. DoD FMR requires an approving official or supervisor to review the traveler submitted voucher and ensure that the voucher is properly prepared, and that any advance or partial payments authorized are annotated on the travel voucher or "None" is identified in the appropriate block.

Travel Advance Reporting

Our audit disclosed that the Navy overstated by \$26.1 million the amount of OTAs reported in its FY 2002 Annual Financial Report, due to a DFAS Cleveland posting error. Problems in processing and liquidating travel advances also misstated the amount of OTAs reported in the FY 2002 Annual Financial Report; however, we were unable to quantify the misstatement. DON’s FY 2002 General Fund financial statement, Note 6, Line 2B, “Other Assets (With the Public)” reported approximately \$171 million in mostly OTAs. To verify the accuracy of this amount, we met with personnel at DFAS Cleveland who provided supporting documentation for the appropriations included in the line item amount.

We reviewed the three appropriations with the largest amounts (i.e., MPN; O&M, N; and RPN) that were the primary appropriations used to record travel advances for PCS and TAD travel in the Navy. For example, as illustrated in Figure 4 below, MPN was \$84,353,919, O&M, N was \$39,221,601, and RPN was \$3,105,654, for a total of \$126,681,174. We excluded Marine Corps appropriation advances, as we deemed them immaterial to the overall results.

Fig. 4. Appropriations included in “Other Assets (with the public)”



We found that the MPN amount of \$84,353,919 was overstated by \$26,096,660. The error occurred because DFAS used USSGLA 4801 (budgetary account) instead of USSGLA 1410 (travel advances). The correct MPN amount applicable to USSGLA 1410 was \$58,257,259, rather than the DFAS reported \$84,353,919, which resulted in an overstatement of \$26,096,660 in the financial statement line item.

As a result, the FY 2002 General Fund financial statement amount of \$171 million, for Note 6, Line 2B, was overstated by \$26.1 million. DFAS personnel stated that they had acknowledged the error and would correctly post travel advances in the future. DON is responsible for implementing effective internal controls and

providing reasonable assurance that accounting data are accumulated, recorded, and reported properly.

Reasons for Inaccurate Processing, Liquidating, and Reporting Travel Advances

The Navy was not accurately and appropriately processing, liquidating, and reporting its travel advances because DON had not established standardized and consolidated guidance to implement DoD FMR policy on the processing of travel advances, and the Navy lacked effective training for settlement clerks processing advances.

Furthermore, FMO had not incorporated recommendations made in two DFAS memorandum reports that identified common processing problems that we also found with OTAs. DFAS recommended that settlement office personnel receive guidance and training in processing travel advances and vouchers. FMO did not implement the DFAS recommendations, though. They advised DFAS that guidance on travel is already included in DoD FMR; thus, FMO did not see the need for additional Navy guidance. Navy travel advance guidance currently consists of only limited command level instructions; consequently, Navy-wide guidance on travel advances is needed to adequately assign responsibilities to each component associated with processing, liquidating, and reporting travel advances. Specifically, the Navy guidance should adequately assign responsibilities for a followup system to ensure the travel voucher is submitted for liquidation. This specific issue is covered in Recommendation 4 of Finding 2.

During our discussions with PSA and their detachments, they expressed dissatisfaction with current guidance in the IATS Manual for processing OTAs. They noted that, since the manual was too lengthy, very complex, and difficult to understand, their settlement clerks were reluctant to use the manual. One PSD expressed a need for a simplified guide that was easy to use that contained the basic guidance, as a quick reference tool to aid them in processing travel advances; the other PSDs and PSAs agreed with the suggestion.

Finally, PSA Norfolk⁵ and their detachments told us that they lacked funds to formally train all of their settlement clerks, and must rely on on-the-job training. Consequently, they can only send a few people periodically to formal training classes. Upon return from training, the command relies on the class attendees to train settlement clerks who did not attend formal training. However, the quality of instruction they provide is dependent on how much they learned from the training class, and their ability to teach others what they know. This train-the-trainer approach is a good foundation that needs to be built upon, with more comprehensive training tools for all settlement clerks – such as a quick reference desk guide, which the Navy currently does not have.

⁵ During the audit, PSA Norfolk was renamed PSA Atlantic.

Impact from Lack of Standardized Guidance and Training

The lack of standardized guidance and training increases the likelihood of errors and material misstatements in the Navy's financial statements. For example, training for settlement clerks did not sufficiently emphasize the importance of using RAVC and P00A to query ADS to verify whether a traveler had previously received an advance, as evidenced by settlement clerks not always checking for advances. When settlement office and command personnel are not adequately trained and lack sufficient travel advance guidance to ensure that travel voucher are properly processed and liquidated, advances can go unnoticed, resulting in possible overpayments that remain outstanding.

Specifically, problems noted with the processing and liquidating of travel advances resulted in many travel advances remaining erroneously outstanding in the financial system – as reported in the FY 2002 General Fund Financial Statement, Note 6, Line 2B, “Other Assets (with the Public).” Since many of these OTAs were errors, this caused the financial statement line item to be inaccurate, and to not reflect an accurate financial position for the Navy.

In summary, the resulting effect of the noted conditions hinders DON goals and strategies for improving accounting and financial data.

Recommendations

We recommend that the Navy Personnel Command:

Recommendation 7. Develop a standardized and consolidated instruction to implement DoD FMR policy on the processing of travel advances to provide guidance to settlement clerks.

- **Navy Personnel Command response to Recommendation 7.** Concur in principle. Detailed procedures for processing travel advances are located in the Integrated IATS User Guide. Every Disbursing Office should have a copy for reference purposes. Travel clerks should consult this manual for all questions pertaining to travel claims. The Guide contains block-by-block procedures on how to input travel claim liquidations. PERS-673 reiterated this issue in the Pay and Personnel Bulletin we sent to the Fleet and field it on 26 March 2004.
 - **Naval Audit Service comment on responses to Recommendation 7.** Actions taken by Navy Personnel Command satisfy the intent of the recommendation.

Recommendation 8. Develop computer-based training and a condensed, easy to use reference manual such as a desk guide to aid settlement clerks in processing travel advances.

Commander, Navy Personnel Command response to Recommendation 8.

Concur. However, a PERS-673 cannot develop a desktop guide, as the material is copyright protected. The teaching contracts have been issued to Disbursing Clerk "C" School in Norfolk and San Diego. In the 26 March 2004 Pay and Personnel Bulletin, PERS-673 recommended sending pertinent voucher examiners to attend this course.

- **Naval audit Service comments on responses to Recommendation 8.** Actions taken by Navy Personnel Command satisfy the intent of the recommendation.

Section C

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS							MONETARY BENEFITS (In \$000s)				
¹ Finding	Rec. No.	Page No.	Subject	² Status	Action Command	Target Completion Date	³ Category	Claimed Amount	Agreed To	Not Agreed To	⁴ Appropriation
1	1	13	Require that annual inspection programs include compliance with DoD and DON GTCC program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually	C	The Marine Corps	04/05/04					
				O	U.S. Atlantic Fleet	05/31/04					
				O	U.S. Pacific Fleet	04/30/04					
				O	Naval Sea Systems Command	04/30/04					
				C	Naval Air Systems Command	12/15/03					
				O	Naval Reserve Forces Command	05/28/04					
				C	U.S. Naval Forces Europe	01/01/04					
1	2	15	Require that APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS	C	The Marine Corps	03/04/04					
				O	U.S. Atlantic Fleet	05/31/04					
				O	U.S. Pacific Fleet	04/30/04					
				O	Naval Sea Systems Command	05/31/04					
				O	Naval Air Systems Command	05/15/04					
				O	U.S. Naval Forces Europe	05/31/04					
1	3	17	Direct APCs to notify GTCC program cardholders of delinquencies no later than the 45-day interval	O	Office of the Assistant Secretary of the Navy for Financial Management and Comptroller	06/30/04					

1/ + = Indicates repeat finding

2/ O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress

3/ A = One-time potential funds put to better use; B = Recurring potential funds put to better use for up to 6 years; C = Indeterminable/immeasurable

4/ = Includes appropriation (and subhead if known)

RECOMMENDATIONS							MONETARY BENEFITS (In \$000s)				
¹ Finding	Rec. No.	Page No.	Subject	² Status	Action Command	Target Completion Date	³ Category	Claimed Amount	Agreed To	Not Agreed To	⁴ Appropriation
2	4	22	Develop policy requiring AOs to establish, maintain, and review a satisfactory recordkeeping system for tracking the submission and receipt of travel vouchers as stated in DoD FMR Volume 9, Chapter 3	O	Office of the Assistant Secretary of the Navy for Financial Management and Comptroller	09/03/04					
2	5	23	Develop policy requiring AOs to review, approve, sign, and date all travel vouchers prior to submission to the settlement office	C	Office of the Assistant Secretary of the Navy for Financial Management and Comptroller	03/01/04					
2	6	23	Develop policy for settlement offices to require all travel vouchers to contain an AO signature and date, and develop guidance for returning to the submitting commands travel vouchers that do not contain the required AO signature	C	Navy Personnel Command (PERS-33/PERS-673)	03/26/04					
				C	Marine Corps	11/06/03					
3	7	32	Develop a standardized and consolidated instruction to implement DoD FMR policy on the processing of travel advances to provide guidance to settlement clerks	C	Navy Personnel Command (PERS-33/PERS-673)	03/26/04					
3	8	33	Develop computer-based training and a condensed, easy to use reference manual such as a desk guide to aid settlement clerks in processing travel advances	C	Navy Personnel Command (PERS-33/PERS-673)	03/26/04					

1/ + = Indicates repeat finding

2/ O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress

3/ A = One-time potential funds put to better use; B = Recurring potential funds put to better use for up to 6 years; C = Indeterminable/immeasurable

4/ = Includes appropriation (and subhead if known)

Exhibit A

Activities Visited or Contacted

Personnel Support Activity West, San Diego, CA
Navy Marine Corps Reserve Center Washington, DC
Personnel Support Activity Detachment Washington, DC
Office of the Assistant Secretary of the Navy for Financial Management and Comptroller,
Office of Financial Operations, Washington, DC
Marine Corps Headquarters, Arlington, VA
Naval Sea Systems Command, Washington, DC
U.S. Fleet Forces Command/U.S. Atlantic Fleet, Norfolk, VA
U.S. Pacific Fleet, Pearl Harbor, HI
Marine Corps Forces Atlantic, Norfolk, VA
II Marine Expeditionary Force, Camp Lejeune, NC
Norfolk Naval Shipyard, Portsmouth, VA
Personnel Support Activity Norfolk, VA
Fighter Wing Atlantic, Virginia Beach, VA
Strike Fighters Wing Atlantic, Naval Air Station Oceana,
Virginia Beach, VA
Helicopter Antisubmarine Wing Atlantic, Jacksonville, FL
Naval Reserve Readiness Command Southeast, Jacksonville, FL
Naval Reserve Readiness Command Southwest, San Diego, CA
Personnel Support Activity Jacksonville, FL
Marine Corps Forces Pacific, Camp Smith, HI
Patrol Reconnaissance Force Pacific, Kaneohe Bay, HI
Personnel Support Detachment Pearl Harbor, HI
Headquarters, Naval Air Depot North Island, San Diego, CA
Sea Control Wing, U.S. Pacific Fleet, North Island, San Diego, CA
3rd Marine Air Wing, Miramar, CA
31st Naval Construction Regiment, Port Hueneme, CA
Naval Surface Warfare Center Port Hueneme, CA
Office of the Naval Inspector General, Washington, DC
Naval Air Depot Cherry Point, NC
2nd Force Service Support Group, Camp Lejeune, NC
Marine Headquarters Group II, Camp Lejeune, NC
2nd Marine Air Wing, Cherry Point, NC
2nd Marine Expeditionary Force, Camp Lejeune, NC
Naval Air Forces, U.S. Atlantic Fleet, Norfolk, VA
Headquarters, Naval Forces Europe, London, United Kingdom
Headquarters, Naval Support Activity, Naples, Italy
U.S. Sixth Fleet, Gaeta, Italy
Office of the Commander in Charge, Naples, Italy
Marine Forces Europe, Stuttgart, Germany

Personnel Support Activity Europe, Naples, Italy
Camp Lejeune Disbursing Office, Camp Lejeune, NC
Defense Finance and Accounting Services Cleveland, OH
Defense Finance and Accounting Services Charleston, SC
Defense Finance and Accounting Services Norfolk, VA
Bureau of Naval Personnel Permanent Change of Station Variance
Component, Cleveland, OH
Naval Reserve Forces Command, New Orleans, LA

Exhibit B

Agency Program Coordinator Noncompliance

CLAIMANT	COMMAND NAME	NONCOMPLIANCE AREA			
		Monitoring all 6 Required Reports	Requiring SOU for Transferring Cardholders	Training APCs (Including EAGLS)	Training Cardholders Annually
CFFC/LANTFLT	COMFITWINGLANT	X		X	X
	COMSTRIKFIGHTERWINGLANT	X		X	
	COMHSWINGLANT	X		X	
NAVSEA	Norfolk Naval Shipyard	X	X		
	NSWC Port Hueneme	X		X	X
NAVAIR	NADEP Cherry Point	X			
	NADEP North Island	X	X	X	
PACFLT	31 st NCR	X		X	
	31 st NCR - NMCBC 40	X	X	X	X
	COMPATRECONFORPAC	X		X	X
	COMSEACONWINGPAC	X			X
NAVRESFOR	NAVRESREDCOM SW	X	X		
	NAVRESREDCOM SE	X			
NAVEUR	CNE London	X		X	X
	NSA Naples	X	X	X	X
	OCINC Naples	X		X	X
	COMSIXTHFLT	X		X	X
MARFORLANT	2nd MAW - MWHS-2			X	
	2nd MAW - MACG-28			X	
	2nd MAW - MAG-14	X			X
	2nd MAW - MWSG-27	X		X	X
	2nd MAW - MAG-31			X	X
	2nd MAW - MAG-26	X			X
	2 nd FSSG	X			X
	Marine HQ Group II	X	X	X	X
MARFORPAC	3 rd MAW		X		
	MARFORPAC HQ SVC			X	X
MARFOREUR	MARFOREUR HQ		X	X	X
AAUSN	NAVIG	X			X
TOTALS		23	8	19	18

Exhibit C

Government Travel Charge Card Information and Training Opportunities Provided by the eBusiness Operations Office

Travel Card Period Notices

Informational e-mails sent to Level 3 Agency Program Coordinators (APCs) to convey program-related information. This method of communication was started in lieu of Naval Messages due to a directive to “minimize message traffic” issued because of the war. To date, 26 serialized Naval Messages released and 30 informational (i.e. reminder of a teleconference or conference).

Monthly Hierarchy Level 3 APC Teleconference

A recurring teleconference conducted on the 1st Tuesday of every month in order to keep hierarchy level 3 APCs informed of any program changes, discuss DON policy issues, updates or changes, new legislation, delinquency, misuse, bank policies and procedures.

Travel Card Instruction

Establishes the Navy’s Government Travel Charge Card program policy. The Department of the Navy eBusiness Office (eBUSOPSOFF) Instruction 4650.1 version with the APC Desk Guide was released in January of 2002, and updated in September of 2003 (eBUSOPSOFF Instruction 4650.1a).

Annual APC Conference

Hosted annually by the eBusiness Operations Office to facilitate communication of travel card issues, policy, and training. The conference provides a wide variety of training sessions in classroom settings focusing on program knowledge, policy, and best practices. Speakers include representatives from the Defense Finance and Accounting Service; the Office of the Assistant Secretary of the Navy for Financial Management and Comptroller, Office of Financial Operations; the Office of the Chief of Naval Operations (N1); and Bank of America. The conference is mandatory for Level 3 APCs, however APCs at all levels are encouraged to participate.

Travel Card Training Tools & Products

The eBUSOPSOFF offers role-based training for Commanding Officers, APCs, and cardholders. Each training opportunity provides background in policy, procedures, and proper utilization of the Navy GTCC. Each course is offered in two formats: video-teleconference training or computer-based training.

On-site Training at Activities/Command

Training is available upon request on site at activities/commands. Topics covered vary, based upon the needs of the requestor.

DON eBUSOPSOFF Web Site www.don-ebusiness.navy.mil

Web site is a repository of program documentation, directives, and metrics.



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
2 NAVY ANNEX
WASHINGTON, DC 20380-1775

IN REPLY REFER TO:
7500/03-0040
RFR-50
18 Dec 2003

From: Commandant of the Marine Corps
To: Assistant Auditor General Financial Management and
Comptroller Audits

Subj: NAS DRAFT AUDIT REPORT - DEPARTMENT OF THE NAVY TRAVEL CARD
DELINQUENCIES AND OUTSTANDING ADVANCES (REPORT 03-0040)

Ref: (a) NAS memo 7547/2003-0040 of 24 Nov 03

1. The reference transmitted the subject draft report requesting Marine Corps comments. The following comments are provided:

a. Recommendation 1. "We recommend that the Commandant of the Marine Corps require that annual inspection programs include compliance with DoD and DoN GTCC program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually."

(1) The Marine Corps concurs in the recommendation.

(2) All items are currently in the IG checklist with the exception of annual cardholder training. The Marine Corps will modify the checklist to include this item. Estimated completion date is 1 February 2004.

b. Recommendation 2. "We recommend that the Commandant of the Marine Corps require that APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS."

(1) The Marine Corps concurs in the recommendation.

(2) The Marine Corps, in conjunction with the Navy eBusiness Office, is conducting an annual APC conference 1-4 March 2004. This training will address the issues outlined in the audit to include program responsibilities/duties and EAGLS. The Marine Corps will continue to maximize our leverage of such training in the future to ensure that our personnel are well trained on this subject.

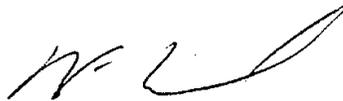
Management Response from the
Office of the Commandant of the Marine Corps

Subj: NAS DRAFT AUDIT REPORT - DEPARTMENT OF THE NAVY TRAVEL CARD
DELINQUENCIES AND OUTSTANDING ADVANCES (REPORT 03-0040)

c. Recommendation 6. "We recommend that the Commandant of the Marine Corps develop policy for settlement offices to require all travel vouchers to contain an AO signature and date, and develop guidance for returning to the submitting commands travel vouchers that do not contain the required AO signature."

(1) The Marine Corps concurs in the recommendation.

(2) MARADMIN 515/03 of 6 November 2003 specifically addresses this recommendation.



R. F. Kassel
By Direction



DEPARTMENT OF THE NAVY

COMMANDER
U.S. ATLANTIC FLEET
1562 MITSCHER AVENUE, SUITE 250
NORFOLK, VA 23551-2487

7000
Ser N02F1/0002
09 Jan 04

From: Commander, U.S. Atlantic Fleet
To: Auditor General of the Navy, Naval Audit Service, 1006
Beatty Place SE, Washington Navy Yard, DC 20374-5005

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES
AND OUTSTANDING ADVANCES (2003-NFA300-0040)

Ref: (a) NAS memo 7547/N2003-NFA300-0040 of 24 Nov 03

1. As requested by reference (a), we have reviewed subject report and concur in recommendations 1 and 2. Specific corrective actions and target completion dates are provided below. We concur in principle with recommendations 6, 7, and 8; however, recommend that these policy issues be directed to the Navy Personnel Command, specifically PERS-33/PERS-673, as they are responsible for developing and promulgating standard policies applicable to all Personnel Support Activities.

a. Recommendation 1: We will ensure that the appropriate DoD and DON GTCC program requirements (e.g. monitoring all six required EAGLS reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually) are incorporated into the next update of our "command self-assessment" and Type Commander's annual inspection program checklists. Our target completion date for this action item is 31 May 2004.

b. Recommendation 2: We will require that our APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS. Our target completion date for this action item is 31 May 2004.

2. My point of contact is Liz Dunham (N02F1) who can be reached at commercial (757) 836-6910, DSN 836-6910, or e-mail elizabeth.dunham@navy.mil.


R. J. BIANCHI
Fleet Comptroller

Management Response from the
U.S. Fleet Forces Command/U.S. Atlantic Fleet



DEPARTMENT OF THE NAVY

COMMANDER IN CHIEF
UNITED STATES PACIFIC FLEET
250 MAKALAPA DRIVE
PEARL HARBOR, HAWAII 96860-3131

IN REPLY REFER TO:
7547
Ser N1/ 4411
31 Dec 03

From: Commander, U. S. Pacific Fleet
To: Assistant Auditor General for Manpower and Reserve
Affairs, Naval Audit Service

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES AND
OUTSTANDING ADVANCES (2003-NFA300-0040)

Ref: (a) NAVAUDSVC Memo 7547/N2003-NFA300-0040 of 24 Nov 03

1. Reference (a) requested written response to recommendations one and two of the subject draft audit report. The following provides management response to the recommendations:

a. **Recommendation 1.** Require that annual inspection programs include compliance with DoD and DoN Government Travel Charge Card (GTCC) program requirements, especially, monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually.

Management Response. Concur with the recommendation. Per EBUSOPSOFFINST 4650.1A, the DoN eBusiness Operations Office is designated the USN Component Program Manager (CPM) and maintains oversight and management control of the Navy Travel Card program. The CPM liaises directly with COMPACFLT GTCC Program Manager to ensure compliance with DoD and DoN GTCC program requirements. COMPACFLT will require that annual inspection programs include compliance with DoD and GTCC program requirements.

Action Taken:

- Monthly Aging Analysis reports are reviewed and monitored by CPF GTCC Program Managers to ensure compliance with implementation guidance and procedures provided in DoD and DoN.

- Quarterly PACADMINs are promulgated to subordinate commands to identify program delinquencies and to provide updates to the GTCC program and policies.

Action to be Taken:

- Develop GTCC Program Management Evaluation Checklist to be included in the each command's Management Control Program Review. The checklist will serve as guidance for compliance with DODFMR Vol 9, Chap 3 and EBUSOPSOFFINST 4650.1A. A draft copy of the check-off list will be submitted to the DoN eBusiness Operations Office for review by mid-January 2004.

b. **Recommendation 2.** Require that Agency Program Coordinators (APCs) receive training on their GTCC program responsibilities/duties and on use of EAGLS.

Management Response from the
U.S. Pacific Fleet

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES AND
OUTSTANDING ADVANCES (2003-NFA300-0040)

Management Response. Concur with the recommendation. Per EBUSOPSOFFINST 4650.1A, the DoN eBusiness Operations Office is designated the USN Component Program Manager (CPM) and maintains oversight and management control of the Navy Travel Card program. The CPM liaises directly with COMPACFLT GTCC Program Manager to ensure compliance with DoD and DoN GTCC program requirements.

Action to Be Taken:

- Develop and implement a quarterly APC Training Review Program. Action will be completed by end of March 2004.

Training Review Program will ensure:

- Travel card coordinators use on-line and on-site card contractor training, the General Services Administration, APCS Survival Guide, EAGLS Users Guide, and EAGLS Job Aids.

- All APCs review records of all current cardholders and ensure a signed "Statement of Understanding" is on file and that training has been conducted on proper and prohibited use.

- APC check in for newly reporting personnel. APC should be included as part of the checklist for personnel in/out processing if not already included in the process. Card to be issued only after newly reporting individuals check in with APC.

- Each APC conducts quarterly review of five percent of their cardholder accounts to ensure cardholders are complying with existing policies. Require APCs to review card usage quarterly and deactivate or cancel cards where cards have not been used or where usage is so infrequent that the cardholder could be classified as an infrequent traveler.

2. COMPACFLT technical point of contact is PN1 Joseph Torres, N111A, COMM/DSN: (808) 471-8148 ext 216 or Email: joseph.o.torres@navy.mil or LCDR Carolynne Durant-Hall, N11, COMM/DSN: (808) 474-6798 or Email: carolynne.duranthall@navy.mil. Audit liaison is Ms. Judy Yamashita, N00IGA, COMM/DSN: (808) 474-6871 or Email: judy.yamashita@navy.mil.


C. A. COVELL
Deputy Chief of Staff for
Total Force Manpower & Personnel
Acting

Copy to:
eBusiness Operations Office

Management Response from the
U.S. Pacific Fleet



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO

7500
Ser 00N3E/08
14 Jan 04

From: Commander, Naval Sea Systems Command
To: Auditor General of the Navy

Subj: NAVAL AUDIT SERVICE (NAS) DRAFT AUDIT REPORT
N2003-NFA300-0040, "DEPARTMENT OF THE NAVY TRAVEL CARD
DELINQUENCIES AND OUTSTANDING ADVANCES," DATED
24 NOVEMBER 2003

Ref: (a) NAS ltr, 7547/N2003-NFA300-0040 of 24 Nov 03

Encl: (1) Naval Sea Systems (NAVSEA) Command Response

1. In response to reference (a), enclosure (1) forwards the NAVSEA response to both recommendation 1, and recommendation 2 of the above subject NAS draft audit report. Please note that NAVSEA concurs to recommendation 1 and recommendation 2.

2. The NAVSEAINSGEN point of contact is Ms. Yvonne Cameron, NAVSEA 00N3E, who can be reached on (COM) 202-781-3329 or by email at cameronye@navsea.navy.mil.

L. LYNN JOWERS
CDR, JAGC, USN
Deputy Inspector General
Naval Sea Systems Command

Copy to:
ASN (FM&C) (FMO)
NAVINGEN (NIG 41, 42, 43)
NAS (AUD-3)

Management Response from the
Naval Sea Systems Command



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY TO

7520
Ser 1031/048
12 January 2004

MEMORANDUM

From: SEA 103
To: SEA OON

Subj: NAVAL AUDIT SERVICE DRAFT REPORT 2003-0040, "DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES"

Ref: SEA 00N (Yvonne Cameron) email of 25 Nov 03

I. The purpose of this memorandum is to respond to the Naval Audit Service Draft Report Number 2003-NFA300-0040 dated 24 November 2003.

Recommendation #1: Require that annual inspection programs include compliance with Department of Defense and Department of Navy Government Travel Charge Card (GTCC) Program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders and training cardholders annually.

SEA 103 Concurs with this recommendation. SEA 103 respectfully requests the Naval Sea Systems Command (NAVSEA) Office of the Inspector General to include the GTCC Program as an integral part of the inspection process for all scheduled Field Activity inspections. Once notified of a scheduled inspection, SEA 103 will provide the activities travel card program history, current performance and any recommendations for improvement prior to the commencement of the inspection. Each activity inspected will be required to produce training records for the Agency Program Coordinators (APCs) and signed Statements of Understanding (SOU) for all cardholders. Additionally activities will be required to confirm the six mandatory reports required in the Naval Audit Report are generated, reviewed and appropriate action is taken on a monthly basis. The six mandatory reports outlined in the Naval Audit report are: Cardholder Account Listing, Account Activity Report, Delinquency Report, Presuspension/Precancellation Report, Suspension/Cancellation Report and Renewal Report. Also, all APC for both Headquarters and Field Activities will be required for auditing purposes to keep copies concerning Monthly Aging Analysis Reports, Misuse and Abuse Reports, Infrequent Usage Reports, Cash Limits Reports and Return Checks Reports.

Recommendation #2: Require that APCs receive training on their GTCC Program responsibilities/duties and on use of Electronic Accounting Government Logistics Systems (EAGLS).

Enclosure (1)

Management Response from the
Naval Sea Systems Command

Subj: NAVAL AUDIT SERVICE DRAFT REPORT 2003-0040, "DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES"

SEA 103 Concurrs with this recommendation. NAVSEA will require HL-3, 4, 5 and 6 APCs complete mandatory training. Also, the two options that will be made available are as follows:

- a. Government Travel Charge Card Computer Based Training.
 - b. One of three training options offered on-line via the DON E-Business Office. APCs will forward proof of completion of the training session to NAVSEA 103 on a yearly basis and SEA 103 will maintain the documentation for future audit purposes.
2. If additional information is needed, please contact Donna Martin on 202-781-2478.



SANDRA G. HOOKAILO
Director
Financial Management Division

Management Response from the
Naval Sea Systems Command



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
RADM WILLIAM A. MOFFETT BUILDING
47123 BUSE ROAD, BLDG 2272
PATUXENT RIVER, MARYLAND 20670-1547

IN REPLY REFER TO

5200
AIR-00G4/208
22 December 2003

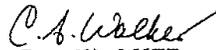
From: Commander, Naval Air Systems Command
To: Assistant Auditor General (Financial Management and Comptroller Audits)

Subj: NAVAL AUDIT SERVICE DRAFT REPORT ON DEPARTMENT OF THE
NAVY TRAVEL CARD DELINQUENCIES AND OUTSTANDING
ADVANCES (2003-NFA300-0040)

Rcf: (a) NAVAUDSVC memo 7547/N2003-NFA300-0040 of 24 Nov 03

Encl: (1) NAVAIRSYSCOM Response to Subject Report

1. Reference (a) forwarded the subject draft report for our review and comments. Accordingly, enclosure (1) provides our response.
2. Please direct questions concerning the response to Ms. Udora Myers at 301-757-2104.


C. A. WALKER
By direction

Management Response from the
Naval Air Systems Command

NAVAL AIR SYSTEMS COMMAND RESPONSE TO
NAVAUDSVC DRAFT AUDIT REPORT ON
"DEPARTMENT OF THE NAVY TRAVEL CARD
DELINQUENCIES AND OUTSTANDING ADVANCES"
2003-NFA300-0040

Finding 1: Agency Program Coordinator Responsibilities and Controls

The Department of the Navy (DON) Government Travel Charge Card (GTCC) Agency Program Coordinators (APC) did not always monitor cardholder reports, maintain cardholder records, or train cardholders in accordance with DON and Department of Defense (DoD) requirements. APCs were noncompliant due to a lack of full awareness of their responsibilities in managing and executing the GTCC program, and because Commanding Officers (COs) were not always holding APCs accountable for all required duties. The APC noncompliance with monitoring required reports, maintaining statement of understanding (SOU) documentation, and training cardholders annually are internal control deficiencies that hinder DON efforts to be proactive regarding cardholder accountability, which results in a less-effective travel card program.

NAVAIR Response: Concur. NAVAIR APCs have been provided the tools to properly manage and execute the GTCC program. These tools include the eBusiness Operations Office Instruction 4650.1, APC Desk Guide, DoD FMR 7000.14R, Volume 9, Chapter 3, and web links for Electronic Account Government Ledger System (EAGLS) training. More emphasis will be placed on monitoring compliance.

Recommendation 1: That the Commander, Naval Air Systems Command require that annual inspection programs include compliance with DoD and DON GTCC program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually.

NAVAIR Response: Concur. Commander, Naval Air Systems Command has incorporated the requirements as set forth in DON and DoD regulations governing the GTCC in our annual Command Inspection Program. Completed 15 December 2003.

Recommendation 2: That the Commander, Naval Air Systems Command require that APCs receive training on their GTCC program responsibilities/duties and on use of EAGLS.

NAVAIR Response: Concur. NAVAIR is creating an enterprise team comprised of all business unit APCs. The leader of this team will ensure that consistent processes and procedures are provided to all APCs and that each APC receives formal training. The eBusiness Instruction, APC Desk Guide, DoD FMR and web links for EAGLS training will be reissued to NAVAIR APCs, with a copy to their COs. APCs will be required to respond to the NAVAIR GTCC Program Manager regarding completion of training and APC requirements. Estimated completion date is 31 March 2004.

Enclosure (1)

Management Response from the
Naval Air Systems Command



DEPARTMENT OF THE NAVY
COMMANDER NAVAL RESERVE FORCES COMMAND
4400 DAUPHINE STREET
NEW ORLEANS, LOUISIANA 70146-5100

IN REPLY REFER TO:

4000
Ser N4/0026
16 Jan 04

From: Commander, Naval Reserve Forces Command
To: Commanding Officer, Naval Audit Service

Subj: RESPONSE TO NAVAL AUDIT SERVICE REPORT

Ref: (a) Naval Audit Service Report Ser 7547/N2003-NFA
300-0040 of 24 Nov 03

1. In reply to reference (a), Commander, Naval Reserve Forces Command (CNRFC) agrees with the recommendations. CNRFC will comply with the recommendations and requirements of the Department of Defense (DoD), Department of the Navy (DON) and Government Travel Charge Card (GTCC) Program. Recommendations in reference (a) will be incorporated in COMNAVRESFORINST 4650.1a to be published February 2004.

2. Point of contact is CDR Joe Newbury at DSN 678-5710, COMM (504) 678-5710, or Email: joe.newbury@navy.mil.

W. W. RICE
By direction

Management Response from the
Naval Reserve Forces Command



DEPARTMENT OF THE NAVY

COMMANDER IN CHIEF
UNITED STATES NAVAL FORCES, EUROPE
PSC 802
FPO AE 09499-0151

7000
Ser N1A-03-766
23 Dec 04

From: Commander, U.S. Naval Forces Europe
To: Commander, Naval Audit Service

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES AND
OUTSTANDING ADVANCES (2003-NFA300-0040)

Ref: (a) DON Naval Audit Service, 75471 N2003-NFA300-0040
memo of 24 Nov 03

1. In accordance with the findings and recommendations in reference (a), we will implement the following management controls in the Government Travel Charge Card (GTCC) program at subordinate commands.

a. Monitoring the six required reports.

(1) As of 01 Jan 04, Commander, Naval Forces Europe (COMUSNAVEUR) will require subordinate commands to provide a monthly status update on all six required reports, in addition to the already existing monthly status report on delinquent cardholders.

(2) COMUSNAVEUR will require an internal annual self-inspection be completed and reported every 30 Mar and upon turnover of each new Agency Program Coordinator (APC).

a. Training of APCs.

(1) COMUSNAVEUR, Bank of America, and the Navy e-Business office routinely provide APCs at all levels within the COMUSNAVEUR claimancy with formal training opportunities on APC responsibilities through conferences, video training, internet websites, and the Electronic Account Government Ledger System (EAGLS). However, COMUSNAVEUR has not required subordinate commands to provide proof of APC training.

(2) All commands that manage a GTCC program will report in writing to COMUSNAVEUR by 30 Mar 04 the type of formal training their APCs have received. At a minimum, all APCs will read and familiarize themselves with the e-Business

Management Response from the
U.S. Naval Forces Europe

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES AND
OUTSTANDING ADVANCES (2003-NFA300-0040)

Instruction 4650.1, APC Desk Guide, and the DOD FMR 7000.14R,
Volume 9, Chapter 3. In addition, each APC will complete
training using EAGLS. All new APCs will report completion of
formal training within two months of assuming their new
position.

2. Point of contact in this matter is YN2 Ronald R. Lorenzo at
DSN: 235-4509, Comm: 01144-207-514-4509, or e-mail:
ronald.lorenzo@naveur.navy.mil.



E. S. BRISTOW
Deputy Chief of Staff
Manpower and Personnel

Copy to:
COMNAVREGEUR

Management Response from the
U.S. Naval Forces Europe



THE ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

JAN 13 2004

MEMORANDUM FOR AUDITOR GENERAL OF THE NAVY

Subj: DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES
AND OUTSTANDING TRAVEL ADVANCES
(2003 NFA300 0040)

Ref: (a) NAVAUDSVC memo 7547/N2003-NFA300-0040 of 24 Nov 03

Encl: (1) ASN(FM&C) Response to Draft Audit Report
2003-NFA300-0040

By reference (a), comments were requested on the subject draft audit report. Comments to recommendations directed to the Assistant Secretary of the Navy (Financial Management & Comptroller), as well as to recommendations made to other organizations, are provided as enclosure (1).

My point of contact for this issue is Mr. David McDermott, McDermott.David@fmo.navy.mil or at (202) 685-6719.

DIONEL M. AVILES

Management Response from the Office of the
Assistant Secretary of the Navy for Financial Management and Comptroller

**ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT & COMPTROLLER)
RESPONSE TO NAVAUDSVC DRAFT AUDIT REPORT
"DEPARTMENT OF THE NAVY TRAVEL CARD DELINQUENCIES AND
OUTSTANDING ADVANCES"
(2003-NFA300-0040 DATED 24 November 2003)**

NAVAUDSVC Recommendation 1: Require that annual inspection programs include compliance with DoD and DON GTCC program requirements, especially monitoring all six required reports, maintaining signed statements of understanding for all cardholders, and training cardholders annually.

ASN (FM&C) Comment: Recently, DoD travel card managers, including ASN(FM&C) staff, met to review the DoD Financial Management Regulation (FMR) Chapter governing travel card procedures. This included a review of the utility of the six reports required by the FMR to be generated each month by APCs. Recommendations were made to modify the FMR to change several required reports. It is expected these changes will be adopted in the near future. When this revised version is issued, review of reports will be stressed in DON guidance on travel card management. Additionally, ASN(FM&C) issued policy in February 2003 requiring DON APCs to generate four reports that are believed to be more effective in identifying potential travel card misuse. This policy requires APCs to contact cardholders and their supervisors to confirm the validity of transactions identified, ensure charges were made in association with official travel, and for commands to investigate and, if warranted, take appropriate disciplinary action.

NAVAUDSVC Recommendation 2: Require that APCs receive training on their GTCC program responsibilities/duties and on use of EAGIS.

ASN (FM&C) Comment: Training is a priority within the DON. Since program inception, the DON has provided numerous training opportunities for travel card managers and APCs. The DON established and funded the DON eBusiness Office to function as the Navy travel card component program manager to train and provide instruction for Navy APCs. DON travel card managers are encouraged and have participated in GSA's annual travel card conferences. Additionally, the DON has hosted Navy/Marine Corps specific APC conferences each year since 2001. The conferences include an overview of the program, regulations and policies

governing the program and information on the various tools available to allow APCs to effectively manage the card program. The eBusiness Office maintains a web site for APCs, which provides ready access to program management materials. The DON developed a comprehensive computer-based training (CBT) program. The CBT is designed to explain the requirements, roles and responsibilities of the travel card program for cardholders, APCs, supervisors, and commanding officers. DoD is planning to adopt this CBT for use by all travel card APCs and cardholders. In addition, the DON implemented a video tele-training program to provide specific training, including delinquency management, recognizing card misuse, and using EAGLS. The DON also developed an APC tool package consisting of an APC User Guide and an updated Navy travel card instruction which was updated and reissued in September 2003.

NAVAUDSVC Recommendation 3: Direct APCs to notify GTCC program cardholders of delinquencies no later than the 45-day interval.

ASN (FM&C) Response: Concur. In recent meetings with DoD travel card managers, ASN(FM&C) staff recommended to revise the DoD FMR Volume 9, Chapter 3 to require APCs to notify cardholders of delinquencies no later than a 45-day interval vice the current 55-days.

NAVAUDSVC Recommendation 4: Develop policy requiring AOs to establish, maintain, and review a satisfactory recordkeeping system for tracking the submission and receipt of travel vouchers as stated in DoD FMR Volume 9, Chapter 3.

ASN (FM&C) Response: Concur. However, the recordkeeping required by the DoD FMR will be implemented with the deployment of the Defense Travel System (DTS). The DON has an aggressive implementation schedule for deployment of DTS. In FY 04, DTS will be deployed to the following fleet concentration areas: San Diego, Norfolk, Pensacola, Pearl Harbor, Jacksonville, and Whidbey Island, as well as other geographic locations. Functionality in DTS, including electronic routing and approval of travel authorizations and vouchers, pre-populated vouchers to reduce the occurrence of errors, standard reports (specifically the Unsubmitted Vouchers Report), along with direct interfaces to the accounting and disbursing systems, will bring the DON into compliance with the FMR Volume 9 Chapter 3.

NAVAUDSVC Recommendation 5: Develop policy requiring AOs to review, approve, sign, and date all travel vouchers prior to submission to the settlement office.

ASN (FM&C) Response: Concur. ASN(FM&C) staff was instrumental in DoD's decision that approving officials be responsible for ensuring that their travelers comply with the mandatory split disbursement policy. Requiring approving official review of travel vouchers was pursued, as it relieves the travel computation offices of an administrative burden. Further, approving officials are more familiar with the travel conducted within their organizations, including travel card use, and are in the best position to ensure mandatory split disbursement is implemented within the DON. Although the DoD FMR allows components to waive approving official review, the DON travel settlement offices have developed a phased approach to require approving officials to review, approve, sign and date all travel vouchers prior to submission to the settlement office.

NAVAUDSVC Recommendation 7: Develop a standardized and consolidated instruction to implement DoD FMR policy on the processing of travel advances to provide guidance to settlement clerks.

NAVAUDSVC Recommendation 8: Develop computer-based training and a condensed, easy to use reference manual such as a desk guide to aid settlement clerks in processing travel advances.

ASN (FM&C) Response to Recommendations 7 and 8: Partially Concur. Substantial guidance already exists in the Joint Federal Travel Regulations/Joint Travel Regulations and the DoD FMR as referenced in the subject audit report. To issue implementation guidance from the ASN(FM&C) level would be duplicative in nature to the existing regulations. It is more appropriate that additional guidance, desk guides, standard operating procedures, and/or training courses specific to processing of travel advances by settlement clerks be developed by the organizations that are directly involved with the travel settlement process.



DEPARTMENT OF THE NAVY
NAVY PERSONNEL COMMAND
5720 INTEGRITY DRIVE
MILLINGTON TN 38055-0000

7500
19 Mar 04

From: Commander, Navy Personnel Command
To: Assistant Auditor General for Financial Management and
Comptroller Audits

Subj: MANAGEMENT RESPONSE TO NAVAL AUDIT SERVICE DRAFT REPORT
2003-NFA300-0040, "DEPARTMENT OF THE NAVY TRAVEL CARD
DELINQUENCIES AND OUTSTANDING ADVANCES"

Ref: (a) NAVAUDSVC memo 7547/N2003-NFA300-0040 of 09 Feb 2004
w/subject report

Encl: (1) Management Response on Subject Draft Report

1. Reference (a), enclosure (1) provides responses to
recommendations 6, 7 and 8 of subject report.

2. BUPERS point of contact for audit matters is Ms. Sandy
Taylor, PERS-00K3, (901) 874-3034/DSN 882, E-mail:
sandra.taylor@navy.mil.

A large, stylized handwritten signature in black ink, appearing to read "J. W. Townes, III".

J. W. TOWNES, III
Rear Admiral, U.S. Navy

Copy to:
BUPERS (PERS-00K)
COMNAVPERSCOM (PERS-6, 67, 673)

Management Response from the Navy Personnel Command

**NAVAUDSVC DRAFT AUDIT REPORT 2003-NFA300-0040, "DEPARTMENT OF THE NAVY
TRAVEL CARD DELINQUENCIES AND OUTSTANDING ADVANCES"
DATED 09 FEBRUARY 2004**

Finding 2: Travel Voucher Approval/Submission Process.

Recommendation 6: Develop policy for settlement offices to require all travel vouchers to contain an AO signature and date, and develop guidance for returning to the submitting commands travel vouchers that do not contain the required AO signature.

NPC Management Response: Concur. Personnel Support Activities (PSAs) have now implemented the DoD policy through their own instructions/messages requiring that, "Authorizing Officials (AO) are responsible for authorizing travel orders and signing and approving travel claims" per DoD FMR. PSAs have advised their customers that no TDY claims will be processed without AO signature. Additional guidance was provided to return all travel claims that do not contain an AO signature. The AO signature was required on Civilian (TAD/PCS) since October 1999, since July 2003 for military personnel, and effective March 2004 for Reserve personnel (AT/ADT/IDTT) travel claims. PERS-673 will reiterate this issue in the next Pay and Personnel Bulletin that we send to the field and Fleet. Expected completion of this action is 26 March 2004.

Finding 3: Travel Advance Issues.

Recommendation 7: Develop a standardized and consolidated instruction to implement DoD FMR policy on the processing of travel advances to provide guidance to settlement clerks.

NPC Management Response: Concur in principle. Detailed procedures for processing travel advances are located in the Integrated Automatic Travel System (IATS) User Guide, which was created by a civilian contractor, Professional Software Consortium (PSC). Every Disbursing Office should have a copy of this manual for reference purposes. Travel clerks should consult this manual on all questions pertaining to travel claims, which includes the block-by-block procedures on how to input travel claim liquidations. PERS-673 will reiterate this issue in the next Pay and Personnel Bulletin that we send to the field and Fleet. Expected completion of this action is 26 March 2004.

Recommendation 8: Develop computer-based training and a condensed, easy to use reference manual such as a desk guide; to aid settlement clerks in processing travel advances.

NPC Management Response: Concur. However, with the current system in place, PERS-673 cannot develop a user desktop guide or training guide as IATS/WINIATS is copyright protected by the civilian contractor. The teaching contracts have been issued to DK "C" School in Norfolk and San Diego. In the next Pay and Personnel Bulletin that is sent to the field and Fleet, PERS-673 will recommend sending pertinent voucher examiners to attend this course. Expected completion of this action is 26 March 2004.

The implementation of Defense Travel System has begun within Navy. Several commands have already implemented DTS and preparations are being made at over 17 sites scheduled to go live FY 2004. DTS will eventually replace IATS for all TDY travel liquidation functions and is scheduled to be fully operational throughout the Navy by the end of FY 2006. (see NAVADMIN 047/04 at the following link: <http://www.bupers.navy.mil/navadmin/nav04/nav04047.txt>)

Enclosure (1)

Management Response from the Navy Personnel Command