

# ***Naval Audit Service Audit Report N2004-0037, “Department of the Navy Travel Card Delinquencies and Outstanding Advances”***

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.

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.

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.

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.