



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



DEC 15 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Auditors Continue to Identify Problems with the Purchase Card Program

Congressional testimony, Inspector General (IG) and General Accounting Office (GAO) reports continue to identify purchase card problem areas and are a major embarrassment to the Department. Your leadership is essential to ensure the Department has sufficient oversight of these programs, to eliminate unauthorized use of the cards, and to hold individuals who use purchase cards accountable for their actions.

The following are just a few of the problems the IG and GAO audit reports have identified with the Purchase Card Program:

- Controls over the purchase card to reduce the risk of fraud, waste, and abuse were not properly implemented.
- Controls were not effective due to a lack of management integrity, vacant key management positions, internal procedures not being adopted, and management tools not being used effectively.
- By not using the Citidirect purchase card management system to monitor and certify billing statements, undue interest penalty payments were incurred.
- Property was not properly controlled. Controls were not effective, which resulted in at least \$1.7 million of property not recorded in the property book, missing property that was unreported, property maintained at individual's homes without adequate documentation, and pilferable property inappropriately removed from the accountable records.
- Lack of specific policies and strategies governing the number of purchase cards to be issued with a focus on minimizing the number of cardholders.
- Lack of policies that hold officials accountable for their purchase card program duties through performance expectations and evaluations.
- Lack of performance measures and goals to assess the adequacy of internal control activities and oversight of the program.

The American citizens rely on all of us to be good stewards of their tax dollars. I expect your active participation to ensure that proper internal controls are established and maintained to safeguard against fraudulent, improper, and abusive purchases.

This cannot
be allowed
to continue!

cc:
OIG, DoD


Dov S. Zakheim