UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JUN 10 2003

PERSONNEL AND
READINESS

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, FORCE TRANSFORMATION
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DEFENSE FIELD ACTIVITIES

SUBJECT: Disciplinary Guidelines for Misuse of Government Charge Cards by Military Personnel

Following reports of government charge card misuse within the Department, the DoD Charge Card Task Force identified personal accountability as essential to DoD's efforts to strengthen the Department's purchase and travel charge card programs. Personal accountability for government charge card misuse was also a focus of Congress in passing Public Law 107-248, § 8149(c), and Public Law 107-314, §1007(c), which this memorandum implements for military personnel.

It shall be DoD policy that in each case of improper, fraudulent, abusive, or negligent use of a government purchase or travel charge card by military personnel, including any use at establishments or for purposes that are inconsistent with the official business of DoD or with applicable standards of conduct, the commander or supervisor of the responsible individual or parties will be informed in a timely manner in order that appropriate corrective or disciplinary action may be taken.

The intent of this policy is to ensure that management emphasis is given to the important issue of personal accountability for charge card misuse; there is no intent to deprive commanders and supervisors of their discretion in handling charge card misuse in a manner appropriate to each individual case.

The best way to curtail charge card misuse is to prevent it through proper selection of cardholders, training, and leadership by example. When misuse occurs, commanders and

supervisors must carefully consider all of the facts and circumstances in reaching a disposition that is warranted, appropriate, and fair. Simply ignoring the problem is not an option.

Actions available when military personnel misuse a purchase or travel charge card include counseling, admonishment, reprimand, nonjudicial punishment (Article 15, Uniform Code of Military Justice (UCMJ)), court-martial, and administrative separation.

In appropriate cases, pecuniary liability, referral for criminal prosecution in civilian courts, and civil enforcement action are other ways to hold military personnel personally accountable for charge card misuse.

A progression of increasingly severe disciplinary measures is often appropriate in the case of minor instances of misuse, but more serious cases may warrant the most severe sanctions in the first instance. Clearly, there is no single response appropriate for all cases. While the merits of each case may be different, timeliness, proportionality, and the exercise of good judgment and common sense are always important.

In taking corrective or disciplinary action against military personnel who misuse government charge cards, commanders or supervisors shall use the procedures established for each action by the appropriate Military Department and consult with their legal advisors as necessary.

In addition to corrective or disciplinary action, military personnel who misuse their government charge cards may have their access to classified information modified or revoked if warranted in the interests of national security. Commanders or supervisors shall follow previously issued guidance (attached) to ensure that security clearance reviews are conducted when the holder of a government charge card comes under investigation for charge card misuse.

DoD Components shall incorporate these guidelines into their own policies. Additionally, each Military Department shall have a regulation providing that a violation of any of the rules governing the use of government charge cards by a person subject to the UCMJ is punishable as a violation of Article 92, UCMJ.

David S. C. Chu

Attachments
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COMMAND, CONTROL,
COMMUNICATIONS, AND
INTELLIGENCE

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SUBJECT: Suspension of Access to Classified Information Due to Abuse or Misuse of Government Charge Cards

The Charge Card Task Force established last March by the Under Secretary of Defense (Comptroller) investigated the Department's charge card programs and recommended ways to strengthen the procedures and internal controls. One of the Task Force's recommendations is that investigative agencies must ensure that security managers and supervisors are appropriately notified when a government purchase or travel charge cardholder comes under investigation for charge card misuse or abuse.

Prompt action is required in response to allegations of charge card misuse or abuse by Department of Defense (DoD) military or civilian personnel. The commander or head of the organization has the authority (per subparagraph C8.1.3. of DoD 5200.2-R) to suspend the individual's classified access. Therefore, DoD Component security officials shall immediately report such allegations to the appropriate commander or head of a DoD organization. The commander or head of the organization shall take immediate action upon receipt of information that raises serious questions as to the individual's ability or intent to protect classified information or execute sensitive duties. The commander or head of the organization shall make an immediate determination to either to continue the individual's security status unchanged or to suspend an individual's access to classified information or assignment to sensitive duties until the appropriate authority designated in Appendix 5 of DoD 5200-2-R makes a final determination regarding the individual's eligibility to retain a security clearance.

Financial responsibility and trustworthiness are key components for determining whether a military member or civilian employee is eligible for the issuance of, or continuation of, a security clearance. These same factors should be carefully considered should instances of abuse or misuse of a government purchase or travel card be alleged. Supervisors and security managers must consider whether suspension of the individual's access to classified information is appropriate based on the applicable security standards and the specific conduct of the individual.

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SEP 25 2002

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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SUBJECT: Guidance for the Investigation of Fraud, Waste, and Abuse Involving the Use of Purchase Cards and Travel Cards

In accordance with recommendations of the Department of Defense Charge Card Task Force final report issued June 27, 2002, the following guidance is effective immediately and will remain in effect until included in a DoD issuance.

In its final report, the Task Force recommended that the Inspector General of the Department of Defense issue guidance regarding the notification of supervisors and security managers when a purchase card or travel card holder comes under investigation for misconduct associated with the use of charge cards.

When a Defense Criminal Investigative Organization or Department of Defense organizational element responsible for investigating potential misconduct involving the travel or purchase card initiates an investigation into allegations of fraud, misuse, or abuse of authority regarding a purchase card or a travel card, the cardholder's commander or second-line supervisor, as appropriate, and security manager shall be notified. Wherever possible, this notification shall take place within 72 hours of the initiation. The term "commander" means a commissioned or warrant officer who, by virtue of rank and assignment, exercises primary command authority over a military organization or prescribed territorial area that under pertinent official directives is recognized as a "command."

Components should incorporate this guidance into their respective regulations/directives.

Joseph E. Schmitz

cc:
Acting Director, Defense Criminal Investigative Service
Commander, US Army Criminal Investigation Command
Director, Naval Criminal Investigative Service
Commander, Air Force Office of Special Investigations