

BRIEFLY...

Highlights of Report Number 06-09-003-07-001, *OASAM Needs to Strengthen its Oversight of the Purchase Card Program*, to the Assistant Secretary for Administration and Management, issued September 3, 2009.

WHY READ THE REPORT

The purchase card program was established in the late 1980s as a way for agencies to streamline Federal procurement processes through a low-cost, efficient means of attaining goods and services directly from merchants. Cardholders can initiate, pay for, and receive items in less time than it takes under the normal procurement process. Typically, these cards are used for transactions of \$3,000 or less — the micro-purchase threshold.

For the Department of Labor (DOL), overall control for the purchase card program lies with the Office of the Assistant Secretary for Administration and Management (OASAM). OASAM manages the program and is responsible for providing management oversight, controls, and technical assistance. During June 1, 2007 – May 31, 2008, DOL procured \$21.2 million in goods and services using purchase cards. Approximately 1,266 cardholders used these cards and made 60,694 purchase and refund transactions.

WHY OIG CONDUCTED THE AUDIT

Our audit objective was to answer the following question:

Was OASAM's oversight of the DOL purchase card program sufficient to prevent and detect unauthorized charges?

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2009/06-09-003-07-001.pdf>

September 2009

WHAT OIG FOUND

OASAM needs to strengthen its oversight of the DOL purchase card program. An extensive part of the purchase card process is delegated to program agencies, which is further delegated to the respective agency/organization program coordinators (A/OPC). Although OASAM did conduct monitoring of high risk purchase card transactions in 2007 and again in 2008, it has not monitored A/OPCs to ensure they are effectively implementing established controls over purchase card activity for their respective program agencies.

Based on our testing of a statistical sample of purchase card transactions, we estimate with a 95 percent confidence level that between 44,040 to 49,915, or 73 to 82 percent, of the 60,694 purchase card transactions occurring during our audit period did not comply with established controls. Such non-compliant transactions increase the risk that fraudulent, improper, or other abusive activity could occur without detection.

In addition, 17 of 287 transactions in our review did not have sufficient documentation to substantiate their legitimacy. We estimate with 95 percent confidence level that between 1,930 to 5,232, or three to nine percent, of the 60,694 purchase card transactions occurring during our audit period lacked documentation to substantiate their legitimacy.

WHAT OIG RECOMMENDED

We made four recommendations to the Assistant Secretary for Administration and Management to improve management controls over the DOL purchase card program.

OASAM's Deputy Assistant Secretary for Operations generally agreed with the findings and stated that OASAM plans to take actions to address the findings and recommendations to improve program oversight and compliance.