

Appendix D

Agency Response to Draft Report

U.S. Department of Labor

Office of the Assistant Secretary  
for Administration and Management  
Washington, D.C. 20210



AUG 24 2009

MEMORANDUM FOR ELLIOT P. LEWIS

Assistant Inspector General

Handwritten signature of Edward C. Hugler in black ink.

FROM:

EDWARD C. HUGLER  
Deputy Assistant Secretary for Operations,  
Senior Procurement Official

SUBJECT:

Audit of the Office of the Assistant Secretary for Administration  
and Management's Oversight of the Purchase Card Program,  
Draft Report (06-09-003-07-001)

This responds to the Office of the Inspector General (OIG) July 27, 2009, draft audit report of the Office of the Assistant Secretary for Administration and Management's (OASAM) oversight of the DOL purchase card program.

While OASAM has taken steps to increase the oversight of the purchase card program—comprised of some 1,200 purchase card holders who execute approximately 65,000 transactions annually—we acknowledge that more can be done to strengthen oversight and compliance. We also endorse the audit report's recommendation that essential to the effectiveness of the oversight of this program is DOL program agencies' cooperation and compliance with directives, regulations, reviews, and guidance from OASAM, which are designed to ensure effective controls are in place. In addition, OASAM concurs with the OIG's assessment that the A/OPCs are the proper individuals to provide oversight within the program agencies. As acknowledged in the draft report, the structure of delegating a significant portion of the monitoring process to the program agency level is a reasonable control structure.

OASAM concurs with the draft audit report's findings. Our response to the recommendations follow:

**Recommendations:**

**1. Implement an effective monitoring and review process to ensure program agencies and their delegated A/OPCs are complying with Federal and DOL policies for purchase card transactions.**

Response: OASAM will issue guidance during the 4<sup>th</sup> quarter of FY 2009 which will include a purchase card checklist to be use by A/OPCs to conduct assessments of a sampling of the purchase card transactions and provide their findings to OASAM for review. OASAM will also continue to conduct periodic assessments of the agencies' purchase card transactions. In addition, OASAM will work with OCFO to require agency heads to certify, on a quarterly basis as part of the OCFO's financial management certification process, that they have fulfilled their purchase card oversight responsibilities.

**2. Comply with a federal mandate for all cardholders to complete purchase card training every 3 years; and require A/OPCs to comply with DOL policies for tracking and documenting cardholders' completion of this training.**

Response: OASAM will issue guidance during the 4<sup>th</sup> quarter of FY 2009 to all DOL purchase cardholders, approving officials, and A/OPCs reminding them of the requirements to properly complete the appropriate training and require that a copy of their training certificates be maintained by the A/OPCs. Compliance checks with this guidance will be included in the periodic assessments of the agencies' purchase card transactions.

**3. Coordinate with the DOL property managers to develop controls that ensure accountable property paid for with purchase cards has been properly accounted for.**

Response: OASAM will issue guidance during the 4<sup>th</sup> quarter of FY 2009 to all purchase cardholders, approving officials, and A/OPCs reminding them of the requirement to properly input information into the property management system. Compliance checks with this guidance will be included in the periodic assessments of the agencies' purchase card transactions.

**4. Provide guidance to assist A/OPCs in recovering potentially unauthorized purchases identified in our audit.**

Response: During the 4<sup>th</sup> quarter of FY 2009, OASAM will issue guidance to all purchase cardholders, approving officials, and A/OPCs reminding them of the proper methodologies for recovering unauthorized purchases. Compliance checks with this guidance will be included in the periodic assessments of the agencies' purchase card transactions.

Based on the foregoing responses, we anticipate that the draft audit report's recommendations are resolved and can be closed upon completion of the corrective actions.

cc: T. Michael Kerr, ASAM  
Al Stewart, OASAM  
Valerie Veatch, OASAM  
Lisa Fiely, OCFO