

OASAM Response to Draft Report

U.S. Department of Labor

Office of the Assistant Secretary
for Administration and Management
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MEMORANDUM FOR ELLIOT P. LEWIS
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FROM: EDWARD C. HUGLER
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Administration and Management

SUBJECT: Response to DOL Purchase Card Program Draft Audit
(Report No. 17-15-003-07-001)

This responds to the Office of Inspector General's (OIG) Draft Audit Report on the DOL Purchase Card Program, issued September 9, 2015. We appreciate the opportunity to review the Report and provide our comments.

On a positive note, the balance and completeness of the Audit Report is aided by the unambiguous statement that the OIG "...did not identify the purchase of any inappropriate or unauthorized goods or services." The relevance of the Audit Report is diminished, however, by its reliance on data sampled from October 1, 2012, to December 31, 2013 – which substantially pre-dates the Office of the Assistant Secretary for Administration and Management's (OASAM) August 2014 publication of the revised Purchase Card Program Handbook. This updated Handbook provides guidance, program policies, and procedures, and addresses many of the issues identified in the Audit Report.

That said, OASAM concurs with the OIG's recommendations, as outlined below.

Recommendations:

1. Complete the implementation of the new charge card management system to assist in monitoring the purchase card program and develop policies and procedures to use the system to monitor DOL component agency compliance with Federal and DOL policies for purchase card transactions.

Management's Response: OASAM concurs with this recommendation. The Government Purchase Card (GPC) Transaction Database is an internal program designed for the Department of Labor's Purchase Card Program participants (i.e., Agency/ Organization Program Coordinators (A/OPC), Approving Officials, and Cardholder). The GPC Transaction Database will be deployed in Q2 of FY16. This database will allow for reviewing purchases flagged as potential purchase card policy violations, track required purchase card training dates and store purchase card related documents for a minimum of three years.

2. Complete the implementation of the new charge card management system to a) track when the card is issued, b) indicate when refresher training is necessary, and c) document that required training has been completed.

Management's Response: OASAM concurs with this recommendation. The GPC Transaction Database is an internal program designed for the Department of Labor's Purchase Card Program participants (A/OPCs, Approving Officials and Cardholder) that when deployed in Q2 FY16, will allow for the tracking of required purchase card training dates, to include refresher training, and store purchase card training completion certificates for a period of three years.

3. Reemphasize to AOs and A/OPCs that their reviews must ensure that purchase card transactions are conducted in compliance with the Handbook.

Management's Response: OASAM concurs with this recommendation. OASAM's Office of Acquisition Management Services (OAMS) will conduct several training sessions in this and other Government Purchase Card related topics beginning in Q2 FY16.

4. Reemphasize to purchase cardholders that transaction documentation must be retained for 3 years, taxes should not be paid on government purchases, and purchases should only be made from approved vendors.

Management's Response: OASAM concurs with this recommendation. OASAM believes that by issuing the revised Purchase Card Program Handbook, sufficient emphasis has been placed on transaction documentation and payment on taxes on government purchases. The updated Handbook provides extensive guidance pertaining to the roles and responsibilities of the cardholder and approving official on these topics. In addition, *section 3.15 Purchase Card Transaction File Documentation* in the Handbook, provides very clear and concise guidance regarding what documentation should be included with each purchase card transaction file and the documentation retention period. Upon deployment of the GPC Transaction Database in Q2 FY16, purchase card transaction documentation will be stored in the GPC Transaction Database for a minimum of three years. Also, section 3.13 of the newly revised Handbook provides very clear guidance regarding Tax Exempt Status.

5. Determine if Citibank can establish automated controls that will suspend a purchase card account once a cardholder's spending limit is reached. If Citibank cannot establish automated controls, develop an internal system to flag accounts that reach their limits during the billing months.

Management's Response: This control already exists with Citibank. Once a cardholder has reached their spending limit, Citibank will automatically decline any following transactions. In order to increase the spending limit, the cardholder must request such addition from the OAMS. If approved, the new spending limit will be effective.

6. Review the training records of all purchase card program participants and suspend accounts for cardholders who have not completed required training.

Management's Response: OASAM concurs with this recommendation. A/OPCs will use the GPC Transaction Database, once deployed in Q2 FY16, to monitor, track and identify the required training for the purchase card program participants under his/her purview. The A/OPC will suspend spending and approval privileges for purchase card holders who are not in compliance with the mandatory purchase card training requirements.

7. Reemphasize the training requirements to all purchase card program participants.

Management's Response: OASAM concurs with this recommendation. OASAM believes the revised Purchase Card Program Handbook provides ample guidance pertaining to purchase card training requirements for the A/OPC, Approving Official and Cardholder. The requirements are well documented in section 2.1 (Training Requirements) of the Handbook. The GPC Transaction database, once deployed, will generate notifications to the purchase card program participants within 90, 60 or 30 days of purchase card training expiration. The purchase card program participant will be required to take refresher purchase card training upon receipt of the notification.

8. Establish policies and procedures to close the accounts of separated employees on or before their separation.

Management's Response: OASAM concurs with this recommendation. Policies and procedures to close accounts for separated employees on or before their separation are delineated in the revised Purchase Card Program Handbook. Section 2.6 (Canceling Purchase Cards) provides very clear and concise guidance to the purchase card program participant regarding their responsibility when separating from DOL. In addition to the guidance highlighted in the Handbook, DOL requires all separating employees to complete a separation clearance form before separating; upon receipt of a separation clearance form, the respective A/OPC verifies with Citibank if the separating employee is a purchase cardholder. If it is determined that the separating employee is a purchase cardholder, the A/OPC immediately closes the purchase card account. OASAM will work in concert with the Human Resource Center (HRC) to successfully identify employees who are separating from DOL and ensure immediate termination of their purchase card account. A process will be established no later than the end of Q2 FY16.

9. Reemphasize to A/OPCs their responsibility to review purchase cardholder accounts annually and close any accounts that are not needed.

Management's Response: OASAM concurs with this recommendation. To ensure compliance with this recommendation, A/OPCs will be required to generate Citibank Purchase Card usage reports every 90 days. With the exception of emergency cardholders, purchase card accounts with non-usage greater than 90 days will be closed or the single purchase limit will be reduced to \$1; the latter will pertain to cardholders who are the only cardholder for their work section. A purchase card notice will be disseminated in Q1 FY16 to all purchase card participants concerning the above updates; the Purchase Card Handbook will also be updated in Q1 FY16 to reflect the changes.