



BRIEFLY...

OASAM COULD IMPROVE OVERSIGHT OF PURCHASE CARD TRANSACTIONS

March 23, 2018

WHY OIG CONDUCTED THE AUDIT

Using purchase cards reduces administrative costs and increases flexibility to meet government needs; however, if not properly managed, purchase cards can increase the risk of illegal, improper, or erroneous purchases. In Fiscal Year 2017, the Department of Labor (DOL) had 760 purchase cardholders who incurred 43,768 transactions, totaling approximately \$15.3 million. The proper design and implementation of controls over the purchase card program are crucial to detecting and preventing fraudulent or improper purchases.

WHAT OIG DID

We conducted a performance audit to determine the following:

Has OASAM designed and implemented adequate controls over DOL's purchase card program to minimize the risk of illegal, improper, or erroneous purchases?

To answer this question, we reviewed purchase card transactions from July 2016 through March 2017 to identify transactions that exceeded purchase limits, transactions from prohibited merchants, weekend and holiday transactions, transactions with taxes, transactions occurring after the purchase card was closed, suspicious vendors, and split purchases.

READ THE FULL REPORT

<http://www.oig.dol.gov/public/reports/oa/2018/17-18-002-07-001.pdf>

WHAT OIG FOUND

OASAM has established adequate controls over DOL's purchase card program to reduce the risk of illegal, improper, or erroneous purchases. However, DOL component agencies did not implement these controls consistently. While we found no purchases of inappropriate or unauthorized goods or services, we did identify inappropriately paid taxes on transactions, and cardholders that failed to document the independent inspection of goods or services received.

We reviewed a statistical sample of 69 high-risk transactions, totaling \$106,456, from a universe of 5,338, and found 22 transactions from 2 vendors in which \$1,486 in taxes were inappropriately paid. Our review of the remaining 5,269 transactions noted 130 additional transactions with the same 2 vendors in which \$1,606 in taxes were also inappropriately paid. Finally, we identified 910 other transactions in our universe that also may have incurred unauthorized and inappropriate tax expenses. Allowing the federal government to incur state and local taxes leaves DOL open to unnecessary costs that could be otherwise used for program expenses.

We also found 7 transactions, totaling \$7,430, that lacked documentation of an independent inspection and acceptance when the purchases were received. The failure to validate the independent receipt of items allows cardholders an avenue to make undetected personal transactions.

OASAM has delegated an extensive part of the purchase card process to DOL component agencies, but it needs to ensure component agencies effectively implement already established controls.

WHAT OIG RECOMMENDED

We made recommendations to the Assistant Secretary for Administration and Management to improve oversight of the purchase card program.

The Assistant Secretary for Administration and Management concurred with the OIG's conclusions and agreed with the recommendations.