

APPENDIX B: AGENCY'S RESPONSE TO THE REPORT

U.S. Department of Labor

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



MAR 16 2018

MEMORANDUM FOR ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: BRYAN SLATER
Assistant Secretary for
Administration and Management

A handwritten signature in blue ink, appearing to read "Bryan Slater", is written over the printed name and title.

SUBJECT: Purchase Card Transactions
Draft Report No. 17-18-002-07-001

Thank you for the opportunity to review the Office of Inspector General's (OIG) statement of findings on the performance audit of the Department of Labor's (DOL) purchase card program. I am pleased that the OIG confirmed that the Office of the Assistant Secretary for Administration and Management (OASAM) has established adequate controls over DOL's purchase card program to reduce the risk of illegal, improper or erroneous purchases and found no purchases of inappropriate or unauthorized goods and services. Below is management's response to the OIG statement of findings noting how the Office of the Chief Procurement Officer (OCPO) will work to address the recommendations.

Statement of Findings: *OASAM has established adequate controls over DOL's purchase card program to reduce the risk of illegal, improper, or erroneous purchases. However, DOL agencies did not implement these controls consistently. While the OIG identified no purchases of inappropriate or unauthorized goods or services, OASAM could improve the oversight of purchase card transactions. OIG identified inappropriately paid taxes on transactions and cardholders that failed to document the independent inspection of goods or services received.*

OASAM has delegated an extensive part of the purchase card process to DOL component agencies, but it needs to improve its monitoring and training to ensure the component agencies effectively implement already established controls over purchase card activity.

Recommendation 1: *OASAM should issue further guidance reminding cardholders and Agency/Organization Program Coordinators (A/OPC) to ensure that transactions are tax exempt.*

Management's Response: Management accepts this recommendation. The Office of Procurement Policy (OPP) will issue a notice to cardholders and A/OPCs that reiterates the government's status as tax exempt, and will conduct targeted training regarding the Department's relevant policies and procedures. This training session will be conducted no later than June 30, 2018, and will become part of the curriculum for new cardholders and A/OPCs.

Recommendation 2: *OASAM should review all purchases that have incurred taxes and attempt reimbursement by the service or sales provider.*

Management's Response: Management accepts this recommendation. OASAM's OPP has identified all of the FY 2017 transactions that incurred taxes and has begun the process of requesting reimbursement by the service or sales provider. OASAM estimates that the reimbursement process will be completed by the end of FY 2018.

Recommendation 3: *OASAM should ensure that cardholders properly document the receipt and acceptance of all purchases.*

Management's Response: Management accepts this recommendation. OASAM acknowledges that it has established adequate controls over DOL's purchase card program but that it needs to improve its oversight to ensure that agencies are effectively implementing already established controls, to include ensuring that cardholders properly document the receipt and acceptance of all purchases. OASAM's OPP has planned 24 purchase card account reviews to be completed by the end of FY 2018. As a part of each review, OPP will evaluate the cardholder's documentation of the receipt and acceptance of purchases. OPP will then take information learned as a result of the review to conduct further training for cardholders and A/OPCs.

Should you have any questions regarding OPP's response, please have your staff contact Ms. Jillian Matz, OPP Director, at matz.jillian@dol.gov.