

**S** *ummary*



**R** *eport*

**DOD PURCHASE CARD PROGRAM AUDIT COVERAGE**

Report No. D-2002-029

December 27, 2001

Office of the Inspector General  
Department of Defense

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### **Acronyms**

AFB	Air Force Base
DASC	Defense Logistics Agency Administrative Support Center
DLSC	Defense Logistics Supply Center
DOCCR	Defense Logistics Agency Office of Counsel, Columbus Region
DSCC	Defense Supply Center Columbus
IMPAC	International Merchant Purchase Authorization Card
NAF	Non-Appropriated Funds



INSPECTOR GENERAL  
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December 27, 2001

MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT

SUBJECT: Summary of DoD Purchase Card Program Audit Coverage  
(Report No. D-2002-029)

We are providing this summary report for your information and use. We prepared this summary report at the request of the Director, Defense Procurement to provide a central repository of purchase card audit report findings and to identify misuse trends and problems. After we initiated this project, the Senate Committee on Finance also requested details on audit reports on the use of credit cards in DoD. This report contains no recommendations; therefore, written comments are not required.

For additional information on this report, please contact Mr. Joseph P. Doyle at (703) 604-9349 (DSN 664-9349) (jdoyle@dodig.osd.mil) or Ms. Anella J. Oliva at (703) 604-8942 (DSN 664-8942) (ajoliva@dodig.osd.mil). See Appendix D for the report distribution. The team members are listed inside the back cover.

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## Office of the Inspector General, DoD

Report No. D-2002-029  
(Project No. D2001PA-0185.000)

December 27, 2001

### Summary of DoD Purchase Card Program Audit Coverage

#### Executive Summary

**Introduction.** A July 2001 Congressional hearing highlighted the need to ensure proper oversight of the DoD purchase card program. We prepared this summary report at the request of the Director, Defense Procurement to provide a central repository of purchase card audit report findings and to identify misuse trends and problems. After we initiated this project, the Senate Committee on Finance also requested details on audit reports on the use of credit cards in DoD. The purchase card is a Government-wide commercial credit card used to purchase goods and services. The purchase card is a less costly and more efficient way for offices and organizations to buy needed goods and services directly from vendors. As of September 2001, DoD had 231,856 purchase cardholders. The DoD Purchase Card Program Management Office reports that in FY 2001, DoD made approximately 10.6 million purchases valued at \$6.1 billion using the purchase cards. The purchase card eliminates the need to process purchase requests through procurement offices and avoids the administrative and documentation requirements of traditional contracting processes.

**Objective.** The objective of the report was to summarize audit coverage of the DoD purchase card program. See Appendix A for a discussion of the scope and methodology.

**Results.** From FY 1996 through FY 2001, 382 reports were issued on the DoD Purchase Card Program. The General Accounting Office issued 3 reports; the Inspector General, DoD issued 3 reports; the Army Audit Agency issued 32 reports; the Naval Audit Service issued 1 report; the Air Force Audit Agency issued 255 reports; the Defense Agencies Inspector General and Internal Review Offices issued 27 reports; and the Army Internal Review Office issued 61 reports. The reports address the following systemic issues:

- Account Reconciliation and Certification (88 reports)
- Administrative Controls (70 reports)
- Management Oversight (115 reports)
- Property Accountability (79 reports)
- Purchase Card Use (50 reports)
- Purchases (222 reports)
- Separation of Duties (22 reports)
- Training (52 reports)

Because of its dollar magnitude, the purchase card program is an area requiring continued management emphasis, oversight, and improvement by DoD. Independent internal audits should continue to be an integral component of management controls. For details on the reports, see the Finding section of the report.

**Recent DoD Actions.** The DoD Purchase Card Program Management Office recognized the need to address management oversight and control issues in a July 25, 2001, memorandum to the Military Departments and Defense Agencies. The memorandum stated that it was imperative to allocate appropriate resources so program officials could perform their duties and requested that organizations conduct an assessment of the policies and guidelines that are in effect. The Director, Defense Procurement reiterated the essential controls needed to establish and maintain a reliable purchase card program at the activity level in an August 13, 2001, memorandum.

On August 14, 2001, the Director, Defense Procurement requested that the Inspector General, DoD, provide central coordination of future purchase card audits. In response, the Inspector General, DoD established a new audit planning subgroup on purchase cards to provide centralized oversight and monitor the audit work of the DoD audit community. In addition, the DoD Purchase Card Program Management Office requested on October 5, 2001, that the joint fraud detection and prevention program expand its program to formally include purchase card transactions and associated dollars, specifically data mining efforts conducted by the Inspector General, DoD and the Air Force Audit Agency.

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## Background

The U.S. House of Representatives Committee on Government Reform (Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations) oversight hearing on the Use and Abuse of Government Purchase Cards, July 30, 2001, highlighted the need to ensure proper oversight of the DoD purchase card program. We prepared this summary report at the request of the Director, Defense Procurement to provide a central repository of purchase card audit report findings and to identify misuse trends and other problems. After we initiated this project, the Senate Committee on Finance also requested details on audit reports on the use of credit cards in DoD.

**Senate Armed Services Committee Concerns.** Based on the testimony of the oversight hearing, the Senate Armed Services Committee expressed concerns about the internal controls on the use of credit cards. Credit cards play an important role in streamlining the procurement system and eliminating unneeded paperwork; however, streamlined purchase techniques such as purchase cards can also be abused in the absence of appropriate internal controls and management attention. In Senate Report 107-62 for the National Defense Authorization Act for Fiscal Year 2002, the Committee on Armed Services directed the Department of Defense to review this issue and take action to ensure that appropriate internal controls for credit card purchases are in place throughout the Department and to ensure that DoD cardholders and their managers are fully trained and aware of the importance of compliance with these policies and procedures.

**Purchase Card Use.** The use of purchase cards was first introduced in the Federal Government in the early 1980s. The General Services Administration awarded the first Government-wide purchase card contract in 1989. At that time, the purchase card was referred to as the International Merchant Purchase Authorization Card (IMPAC). In 1998, the purchase card contracts were awarded to five banks as part of the SmartPay program.<sup>1</sup> The Vice President's National Performance Review identified the purchase card as a major acquisition reform in 1993 and recommended that all Federal agencies increase their use of the card to cut the red tape normally associated with the Federal procurement process.

The Federal Acquisition Streamlining Act of 1994 established \$2,500 as the micro-purchase threshold and eliminated most of the procurement restrictions for purchases identified within that threshold. Executive Order 12931, "Federal Procurement Reform," October 13, 1994, directed agencies to expand the use of credit cards and delegate micro-purchase authority to program officials. In 1995, the Federal Acquisition Regulation designated the purchase card as the preferred method to pay for micro-purchases.

**Purchase Card Benefits.** The purchase card is a Government-wide commercial credit card available to individual offices and organizations for the purchase of goods and services. The purchase card is a less costly and more efficient way for offices and organizations to buy needed goods and services directly from vendors.

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<sup>1</sup>The SmartPay program includes the Government purchase, travel, and fleet credit cards.

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The purchase card eliminates the need to process purchase requests through procurement offices and avoids the administrative and documentation requirements of traditional contracting processes. The DoD Purchase Card Program Management Office reports that in FY 2001, DoD cardholders made approximately 10.6 million purchases valued at \$6.1 billion using the purchase cards.

**DoD Purchase Card Goal.** Public Law 105-85, “National Defense Authorization Act for FY 1998,” required that at least 60 percent of all eligible DoD micro-purchases be made using the purchase card by October 1, 1998. In addition, the DoD purchase card goal, Acquisition Goal 3, required that DoD use the purchase card for 90 percent of its micro-purchases by the year 2000. The DoD Purchase Card Program Management Office reported that DoD had reached its goal by the end of FY 1999, with over 91 percent of micro-purchases being obtained by using the purchase card.

## **Objective**

The objective of the report was to summarize audit coverage of the DoD purchase card program. See Appendix A for the discussion of scope and methodology.



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## DoD Purchase Card Program Audit Coverage

Over the past 6 years, the General Accounting Office and DoD audit organizations issued 382 reports on the DoD Purchase Card Program. The General Accounting Office issued 3 reports; the Inspector General, DoD issued 3 reports; the Army Audit Agency issued 32 reports; the Naval Audit Service issued 1 report; the Air Force Audit Agency issued 255 reports; the Defense Commissary Agency Internal Review Office issued 1 report; the Inspector General, Defense Information Systems Agency issued 2 reports; the Defense Logistics Agency Internal Review Office issued 24 reports; and the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office issued 61 reports. A review of the reports (see Appendix B) disclosed the following systemic issues:

- Account Reconciliation and Certification (88 reports)
- Administrative Controls (70 reports)
- Management Oversight (115 reports)
- Property Accountability (79 reports)
- Purchase Card Use (50 reports)
- Purchases (222 reports)
- Separation of Duties (22 reports)
- Training (52 reports)

### Purchase Card Program Responsibilities

**Purchase Card Program Responsibilities.** The Under Secretary of Defense for Acquisition, Technology, and Logistics is responsible for purchase card policy and oversight, in coordination with the Under Secretary of Defense (Comptroller) on related finance and accounting policy matters. In March 1998, the Deputy Secretary of Defense established the DoD Purchase Card Program Management Office to provide a centralized program management structure over the purchase card program. The Program Management Office is in the office of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, and has established department-wide policies and procedures governing the use of purchase cards. As of September 2001, DoD had 231,856 purchase cardholders.

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## Systemic Issues

We defined systemic issues as problems that were reported in 10 or more reports. Appendix B lists all the reports reviewed, and Appendix C contains a matrix of the issues addressed in each report.

**Account Reconciliation and Certification.** Problems with the monthly account reconciliation and certification reviews were discussed in 88 reports. Certification reviews are intended to validate all transactions as proper and are to be performed in a timely manner; thus minimizing the risk of fraud and ensuring funds are spent for official purposes. DoD is obligated to pay Prompt Payment Act interest on any invoice that is not paid within 30 days of receipt by the designated billing office. Examples of reported problems follow.

- One activity paid \$24,350 in interest charges on late accounts from July 1994 to February 1998. Certifying officials were late certifying the statements and cardholders did not reconcile the statements accurately or timely. The billing office often returned billing account statements to the certifying officials for correction, further delaying payment (see Appendix B, report 39).
- Account reconciliations were inadequate to ensure purchases were appropriate and in compliance with guidelines. For example, cardholders did not include 12 of 101 purchases (12 percent), valued at \$5,251 on the purchase card log (see Appendix B, report 92).
- Cardholders did not properly reconcile accounts to ensure that charges were the same as prices quoted. For example, coupling gaskets were purchased, and the cardholder was quoted a price of \$80.64 but the account statement showed a charge of \$112.40 (see Appendix B, report 125).

**Administrative Controls.** Seventy reports described administrative control problems. Administrative controls should ensure that cardholders are approved and make appropriate purchases within set limits. Examples of reported problems follow.

- Cardholders did not always maintain the required administrative documentation in their file. For example, a review of 34 cardholder files disclosed that 18 did not have a delegation of authority in their files, and 19 did not have the cardholder instructions in their files (see Appendix B, report 77).
- The program coordinator assigned merchant activity codes to functional organization cardholders that were either not appropriate, or were not rescinded after the “one time” need occurred. For example, 5 of 37 cardholders had at least one merchant category code that was not applicable to purchases for the organization. In addition, the program coordinator did not rescind codes assigned temporarily to

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cardholders that requested specific authorized purchases outside of their functional organization authority for a specific time period (see Appendix B, report 56).

**Management Oversight.** This issue was discussed in 115 reports. Cardholder account reviews ensure that money obligated for assets was used or deobligated. Management oversight also ensures that cardholders establish and maintain sufficient records to support card purchases and deter card misuse. Examples of reported problems follow.

- Cardholder accounts were not reviewed to determine if all charges had been billed and cardholders did not inform the resource advisors when all year-end purchases were billed and paid. For example, one unit had established five obligations with a combined balance of \$28,338 to pay year-end purchases. However, the unit only purchased \$10,697, which means staff could have deobligated \$17,641 and used the funds for other requirements (see Appendix B, report 82).
- The program coordinator did not accomplish annual reviews in FY 2000 for 33 of 37 cardholders or any of the 21 approving officials at one activity. Additionally, none of the current cardholders were reviewed within 90 days of being appointed a cardholder, as required by regulations (see Appendix B, report 56).
- Three billing officials attested to the accuracy of information provided to the certifying officer in support of the payments to the bank for 4,831 transactions valued at \$1,386,003 without first-hand knowledge of the purchases or the disposition of the assets. Billing officials relied on cardholders to self-certify that purchases, including pilferable items such as sleeping bags, tools, individual equipment, auto parts, and recreation vehicle repairs, were for valid mission requirements rather than for personal use. This verification is a key internal control to prevent unauthorized or improper purchases and ensure purchased assets are not misappropriated (see Appendix B, report 63).

**Property Accountability.** In 79 reports, auditors reported inadequate controls over accountable property purchased using the credit cards. Property book officers were not notified of the purchases; therefore, the related property records were not updated to reflect the purchases. Properly applied property accountability controls decrease the potential for loss. Examples of reported problems follow.

- Cardholders purchased items such as artwork, toasters, televisions, and mirrors, that should have been included on the inventory listing to guard against pilferage (see Appendix B, report 299).
- Cardholders did not establish accountability for computer equipment purchased with the purchase card at a cost of \$21,051. Specifically, staff did not record 6 of 14 computer items purchased in the inventory system. Cardholders used their unit address as the “ship to” address

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on orders rather than the manager's "ship to" address. Thus, the manager did not receive computer equipment purchased, and accountability was not established (see Appendix B, report 44).

**Purchase Card Use.** Fifty reports described activities not using the purchase card to the maximum extent possible. Using the purchase card streamlines payment procedures and reduces the administrative burden associated with traditional and emergency purchasing of supplies and services. Examples of reported problems follow.

- Twenty-six of 51 contracts awarded during FY 1997 and FY 1998 at one activity could have used the purchase cards as a method of procurement (see Appendix B, report 39).
- Three of the 36 blanket purchase agreements reviewed could have used the purchase card to pay for purchases instead of direct billing to reduce administrative billing costs, promote efficiency and economy in contracting, and provide faster payment to the contractor. Not using the purchase card cost the Air Force an estimated \$4,725 in additional payment processing costs (see Appendix B, report 68).

**Purchases.** In 222 reports, the auditors reported cardholders made unauthorized purchases. The problem purchases include unapproved purchases, split purchases (the intentional breaking down of a known requirement to stay within a threshold), and undocumented purchases. Proper authorization of purchases ensures that funds are only used to obtain necessary and proper items at the best value to the Government. Examples of reported problems follow.

- One cardholder made eight unauthorized purchases, some delivered to his home, totaling \$3,988 between December 1997 and March 1999. The purchases included pens, binoculars, a home theater system, a personal computer and cart, and membership to a discount club. Management took action during the audit to suspend the purchase authority of the cardholder. Subsequently, at Court Martial, the suspect was found guilty of larceny (see Appendix B, report 112).
- Cardholders did not obtain or document the required approval in 33 of 68 instances. For example, one unit made nine purchases valued at \$56,324 for items such as computers and printers without obtaining approval from the controlling agency (see Appendix B, report 76).
- Cardholders split one or more purchases. For example, one cardholder made three purchases of office furniture — each less than \$2,500 but together totaling \$5,331 — from one vendor on the same day (see Appendix B, report 77).

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- Cardholders purchased items costing \$38,000 without prior approval. These items were used to furnish an employee break room. A purchase card was used to pay for a game area, big screen television with satellite dish, large brick bar area, brick eating/sitting area complete with a brick fountain, and a 20-foot tall clock tower (see Appendix B, report 154).
  - One cardholder purchased six television sets totaling \$2,371 from one vendor, and two more identical television sets totaling \$739 from another vendor on the same day. If purchased as one transaction, the total would have been \$3,110 or \$610 more than the purchase limit of \$2,500 (see Appendix B, report 108).

**Separation of Duties.** Twenty-two reports contained issues related to separation of duties. Separation of duties is an internal control to prevent errors or attempts at fraud or embezzlement from going undetected. Key duties such as authorizing, approving, and recording transactions; issuing or receiving assets; making payments; and reviewing or auditing should be assigned to separate individuals to minimize the risk of loss to the Government. Examples of reported problems follow.

- One activity had no separation of duties in the approval process for purchase card requisitions. During a one year period, 775 requisitions totaling \$124,223 were processed on which an individual acted as requestor (recording), department approver (authorizing), and cardholder (processing) (see Appendix B, report 39).
- The Comptroller at one activity was also an assigned billing official, thereby combining responsibilities to authorize, process, record, and review transactions (see Appendix B, report 53).

**Training.** Problems related to training were discussed in 52 reports. Cardholder training is essential to ensuring proper use of the card. Examples of reported problems follow.

- The program coordinator did not provide the cardholder training required by Air Force guidance. Areas not covered during training included blanket purchase agreements, competition and price reasonableness, purchase of non-medical equipment, warranties, established contracts, and purchase card policies and procedures (see Appendix B, report 94).
- Cardholders received appropriate training but approving officials did not receive the more extensive training required. The additional training included the requirements for simplified purchase procedures and the associated management controls (see Appendix B, report 24).

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## Recently Issued Guidance

The DoD Purchase Card Program Management Office recognized the need to address these issues in a July 25, 2001, memorandum to the Military Departments and Defense Agencies. The memorandum states that it is imperative to allocate appropriate resources so program officials could perform their duties. The memorandum also states that a breakdown of controls usually takes place if program coordinators at the base or installation level are assigned responsibility for the card program as a collateral duty. The DoD Purchase Card Program Management Office also requested that organizations conduct an assessment of the policies and guidelines that are in effect to assist commanders and directors in the proper allocation of resources to the purchase card program.

In an August 13, 2001, memorandum, the Director, Defense Procurement requested that DoD components ensure that essential controls are observed for a reliable purchase card program. The following controls were emphasized.

- Billing officials/approving official must review the cardholder's billing statement every month to verify that the cardholder was authorized to buy the items, and that the items were received.
- All pilferable items, and other qualifying items, are properly recorded on Government property records.
- Only staff with a continuing need to purchase goods or services should be cardholders.
- Not every cardholder needs to have the maximum transaction or monthly limit. Supervisors should set reasonable limits, based on what the person needs to buy as part of their job.
- The billing or approving official should be the cardholder's direct supervisor. Each billing official should be responsible for a reasonable number of cardholders so the official can completely review the monthly billing statements within 5 days after receipt.
- The same person should not buy and receive the item.
- Rebates earned must be obtained.

## Conclusion

The 382 reports issued from October 1, 1995, to September 30, 2001, identified problems related to the integrity of some cardholders, internal control weaknesses or noncompliance, and opportunities for expanded use of purchase cards. Because of its dollar magnitude and the number of cardholders, the purchase card program is an area requiring continuing management, emphasis, oversight, and

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improvement by DoD. Continued audit coverage is needed of the purchase card program to maintain its credibility with Congress and the American Public as a cost efficient method of procurement.

On August 14, 2001, the Director, Defense Procurement requested the Inspector General, DoD, to provide central coordination of future purchase card audits and a central repository of audit findings relating to the DoD purchase card. In response, the Inspector General, DoD, established a new audit planning subgroup on purchase cards to provide centralized oversight and monitor the audit work of the DoD audit community. The Inspector General, DoD, will also provide the Director, Defense Procurement with a summary of the audit agency reports on the purchase card issued each quarter. In addition, the DoD Purchase Card Program Management Office requested on October 5, 2001, that the joint fraud detection and prevention program expand its program to formally include purchase card transactions and associated dollars, specifically data mining efforts conducted by the Inspector General, DoD, and the Air Force Audit Agency.

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## Appendix A. Scope and Methodology

This report summarizes DoD purchase card program audit coverage from October 1, 1995, to September 30, 2001. We identified 382 reports issued by the General Accounting Office; the Inspector General, DoD; the Army Audit Agency; the Naval Audit Service; the Air Force Audit Agency; the Defense Commissary Agency Internal Review Office; the Inspector General, Defense Information Systems Agency; the Defense Logistics Agency Internal Review Office; and the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office.<sup>1</sup> The reports were analyzed to determine systemic weaknesses.

**Use of Computer-Processed Data.** We did not use computer-processed data in our review.

**Contacts.** We visited or contacted individuals and organizations within DoD. Further details are available upon request.

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<sup>1</sup> The review of the Assistant Secretary of the Army, (Financial Management and Comptroller) Internal Review Office reports does not include the first half of FY 1996 or the second half of FY 2001.



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# Appendix B. Reports on the Purchase Card Program

## General Accounting Office

These reports are available on the General Accounting Office home page at <http://www.gao.gov>.

**1. GAO-01-995T, “Purchase Cards: Control Weaknesses Leave Two Navy Units Vulnerable to Fraud and Abuse,” July 30, 2001.** The testimony discusses internal control weaknesses at two Navy units in San Diego, California. The General Accounting Office found a proliferation of purchase cards at the two units in San Diego, the Space and Naval Warfare Systems Command and the Navy Public Works. More than 1,700 cardholders essentially had the authority to make purchase decisions. A serious breakdown in internal controls over the receipt of Government property and the certification of monthly statements, coupled with flawed or nonexistent policies and procedures and the failure of Navy employees to adhere to valid policies and procedures, led to the loss, theft, and misuse of Government property; the potential abuse of purchase cards; and payments of potentially fraudulent charges. Five fraud cases have already been identified, and the Government remains extremely vulnerable to fraud, waste, and abuse arising from the purchase card program at the two Navy units. The General Accounting Office expects to issue a report with specific recommendations.

**2. GAO/NSIAD-00-108, “Defense Management: Electronic Commerce Implementation Strategy can be Improved,” July 18, 2000.** The report stated that one of the key initiatives to expand the use of purchase cards to streamline aspects of the procurement process was successfully implemented. The DoD Purchase Card Program exceeded the Department’s reform goals, but DoD is still seeking ways to improve and expand the program. The report contained no findings or recommendations on the purchase card program.

**3. GAO/NSIAD-96-138, “Acquisition Reform: Purchase Card Use Cuts Procurement Cost, Improves Efficiency,” August 6, 1996.** The report stated that there is significant potential for the purchase card program to grow and, while purchase card use has increased, no evidence of increased abuse was found. However, the report stated the Federal Acquisition Regulation does not provide guidance on usage of the card comparable to the guidance provided for imprest funds, purchase orders, and blanket purchase agreements. The report recommended that clear guidance on the appropriate uses of the purchase card be included in the Federal Acquisition Regulation, and an electronic web site be established to exchange information about problems or progress with purchase card use.

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## Inspector General, DoD

These reports are available on the Inspector General, DoD home page at <http://www.dodig.osd.mil>.

**4. Report No. D-2000-159, “U.S. Joint Forces Command Comptroller Division Operations,” July 12, 2000.** The report stated that the processes for the purchase card program were adequate. There were no recommendations on the purchase card program.

**5. Report No. 99-129, “Use of the International Merchant Purchase Authorization Card,” April 12, 1999.** The report stated that the DoD Purchase Card Program Manager recognized the need for additional guidance to ensure that DoD goals were reached for the use of the purchase card. While the majority of reduced costs from the purchase card come from streamlining the acquisition process, reductions in Defense Finance and Accounting Service operating costs can also be achieved by reducing invoice payments for purchases that can be made with the purchase card. The needed guidance was issued and should result in expanded use of the purchase card and a significant reduction in the number of invoice payments. Further, the report stated that DoD use of the purchase card was increasing, and individual invoice payments for purchases that could have been made with the purchase card were decreasing. The report contained no recommendations.

**6. Report No. 96-201, “Small Purchases at Defense Logistics Agency Organizations,” July 29, 1996.** Contracting officers awarded purchase orders for small purchases when the International Merchant Purchase Authorization Card could have been used for the purchases. Consequently, the Defense Logistics Agency incurred about \$7.4 million in excess costs to award purchase orders. In addition, there was no assurance the items that were charged to the credit card were purchased by the actual cardholders or that the items were needed and received. The report recommended the Defense Logistics Agency issue guidance on approving and documenting purchases made with the card, use a standard form to control and document the purchases, and review simplified acquisition procedures as part of the management control program self-evaluation. Management concurred and published a directive and standard form to control and document card purchases.

## Army Audit Agency

These reports are available on the Army Audit Agency home page at <http://www.aaa.army.mil>.

**7. Report No. AA 01-221, “225th Army Birthday/Spirit of America,” March 26, 2001.** The Military District of Washington staff had effective controls to ensure that purchases made with the Government credit card were properly authorized and did not exceed the regulatory transaction dollar limit of \$2,500. There were no recommendations made on the purchase card program.

**8. Consulting Report No. AA 00-780, “Review of Credit Card Purchases, US Army Special Operations Command,” July 14, 2000.** This consulting report summarizes the results of 14 activities reviewed at the Special Operations Command.

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Some cardholders needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders (i) process the required equipment form through the property book officer prior to using the purchase card and (ii) annotate the serial number of equipment items on the purchase card receipt to help identify the equipment item. The command took actions to establish accountability for non-expendable items.

**9. Consulting Report No. AA 00-779, “Review of Credit Card Purchases, Equal Opportunity Office, US Army Special Operations Command,” July 14, 2000.** Cardholders within the Equal Opportunity Office maintained adequate credit card files and did not purchase any non-expendable property during the period. The report contained no suggested actions.

**10. Consulting Report No. AA 00-778, “Review of Credit Card Purchases, Internal Review, US Army Special Operations Command,” July 12, 2000.** Cardholders within the Internal Review Office maintained adequate credit card files and did not purchase any non-expendable property during the period. The report contained no suggested actions.

**11. Consulting Report No. AA 00-777, “Review of Credit Card Purchases, Inspector General, US Army Special Operations Command,” July 12, 2000.** Cardholders within the Inspector General Office maintained adequate credit card files and did not purchase any non-expendable property during the period. The report contained no suggested actions.

**12. Consulting Report No. AA 00-776, “Review of Credit Card Purchases, Safety Office, US Army Special Operations Command,” July 12, 2000.** Cardholders within the Safety Office maintained adequate credit card files and did not purchase any non-expendable property during the period. The report contained no suggested actions.

**13. Consulting Report No. AA 00-775, “Review of Credit Card Purchases, Deputy Chief of Staff, Engineer, US Army Special Operations Command,” July 12, 2000.** Cardholders within the Engineer’s Office properly reported non-expendable property to the property book officer and it was adequately accounted for. The report contained no suggested actions.

**14. Consulting Report No. AA 00-774, “Review of Credit Card Purchases, History, Archives, Library and Museums Office, US Army Special Operations Command,” July 12, 2000.** Cardholders within the History, Archives, Library and Museums Office maintained adequate credit card files and did not purchase any non-expendable property during the period. The report contained no suggested actions.

**15. Consulting Report No. AA 00-773, “Review of Credit Card Purchases, Surgeon, US Army Special Operations Command,” July 11, 2000.** Cardholders within the Surgeon’s Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

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**16. Consulting Report No. AA 00-772, “Review of Credit Card Purchases, Deputy Chief of Staff, Logistics, US Army Special Operations Command,” July 11, 2000.** Cardholders within the Logistics Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**17. Consulting Report No. AA 00-771, “Review of Credit Card Purchases, Public Affairs Office, US Army Special Operations Command,” July 11, 2000.** Cardholders within the Public Affairs Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**18. Consulting Report No. AA 00-770, “Review of Credit Card Purchases, Secretary General Staff, US Army Special Operations Command,” July 11, 2000.** Cardholders within the Secretary General Staff Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**19. Consulting Report No. AA 00-769, “Review of Credit Card Purchases, Deputy Chief of Staff, Operations, US Army Special Operations Command,” July 10, 2000.** Cardholders within the Operations Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**20. Consulting Report No. AA 00-768, “Review of Credit Card Purchases, Deputy Chief of Staff, Special Operations Aviation, US Army Special Operations Command,” July 10, 2000.** Cardholders within the Special Operations Aviation Office needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**21. Consulting Report No. AA 00-767, “Review of Credit Card Purchases, Headquarters and Headquarters Company, US Army Special Operations Command,” July 10, 2000.** Cardholders within Headquarters and Headquarters Company needed to improve their process for identifying and accounting for non-expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**22. Consulting Report No. AA 00-766, “Review of Credit Card Purchases, Deputy Chief of Staff, Information Management, US Army Special Operations Command,” July 10, 2000.** Cardholders within the Information Management Office needed to improve their process for identifying and accounting for non-

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expendable property. The report suggested that cardholders process the required equipment form through the property book officer prior to using the purchase card and annotate the serial number of equipment items on the purchase card receipt.

**23. Report No. AA 00-194, “Equipment Purchased Through Contracts, U.S. Army Special Operations Command,” April 28, 2000.** The report stated that 93 (9 percent) of 1,022 equipment items purchased (39 contract and 30 credit card purchases) were not recorded on the property book. The property book office did not establish accountability of the items because command staff did not submit receiving documents to the property book officer. As a result, command did not have accountability over equipment valued at \$732,000. The report recommended placing additional emphasis on property accountability during the training program for credit card approving officials and cardholders, conducting the required quarterly reviews of cardholder accounts, and using management control checklists to control purchases. Management concurred with the recommendations.

**24. Report No. AA 00-28, “Use of International Merchant Purchase Authorization Cards, Civilian Personnel Operations Center Management Agency,” November 12, 1999.** The Management Agency staff made some unnecessary purchases, did not fully comply with Army acquisition policies and limits; and internal management controls were not effective. Cardholders received appropriate training but approving officials did not receive the more extensive training required. The additional training included the requirements for simplified purchase procedures and the associated management controls. The report included recommendations to enforce purchase card guidance and standing operating procedures; have cardholders and approving officials retake purchase card training; and request a followup review of the Management Agency’s purchase card program. Management concurred with the recommendations.

**25. Report No. AA 00-29, “Use of International Merchant Purchase Authorization Cards, Northeast Civilian Personnel Operations Center,” November 10, 1999.** The purchase cards were generally used appropriately. However, Northeast Center staff made some unnecessary purchases and did not fully comply with Army policies. Supervision wasn’t effective to ensure that acquisition policy was followed, and approving officials did not receive training. The report recommended that cardholders and approving officials retake purchase card training and to require cardholders to sign that they reconciled the monthly bank statements. Management concurred with the recommendations.

**26. Consulting Report No. AA 99-772, “Review of the International Merchant Purchase Authorization Card Use at the North Central and National Capital Region Civilian Personnel Operations Centers,” August 9, 1999.** The North Central and National Capital Region Centers appeared to be using the card in accordance with Army guidance and therefore, the consulting report contained no suggested actions.

**27. Report No. AA 99-168, “Using Credit Cards for Intragovernmental Purchases,” April 6, 1999.** The Army can realize savings and efficiencies by using the credit card to procure Army military clothing instead of the Personal Clothing Request Form. The report recommended that the Army implement use of the credit card at a pilot site for initial testing and implementation. Management concurred with the recommendation.

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**28. Report No. AA 98-358, "Program Objective Memorandum 98-03 Efficiencies, Using Credit Cards," September 18, 1998.** The auditors determined if Program Objective Memorandum 98-03 reflected the staff cuts and savings related to increasing use of the Government's commercial credit card. By increasing credit card use, the Assistant Secretary planned to eliminate 76 contracting staff positions and save about \$20.9 million during FY 98 through FY 03. The report stated that there is reasonable assurance that the credit card efficiency will generate about \$19.2 million in savings. The report recommended that the Assistant Secretary reduce the projected efficiency savings by \$1.7 million for space cuts related to base realignment and closure actions. Management actions were responsive.

**29. Report No. AA 98-261, "Followup Audit Savings From Acquisition Reform," July 31, 1998.** Army activities did not fully implement best practices when using the credit card and did not realize anticipated savings of about \$10.6 million. The report recommended streamlining and eliminating duplicate small purchase processes. Management concurred with the recommendation.

**30. Report No. AA 97-58, "Savings From Acquisition Reform," January 7, 1997.** The report projected that the Army saved about \$155 million in workyears of effort in FY 96 by using credit cards instead of purchase orders to execute its micro-purchase transactions. The Army could save an additional \$19 million in workyears annually by increasing its credit card use to 80 percent of all micro-purchase transactions. The Army could also save another \$17 million in workyears annually by streamlining its credit card procedures. The report contained recommendations for the Army to improve the efficiency of procedures for making micro-purchase transactions, and improve the efficiency of the credit card processing by implementing streamlined procedures for making micro-purchase transactions. Management concurred with the recommendations.

**31. Memorandum Report No. AA 96-260, "International Merchants Purchase Authorization Card," July 31, 1996.** The administrative process required to pay the credit card bill was burdensome and requires a great deal of paperwork, and approving officials did not adequately review cardholder submissions for accuracy. The report suggested requiring approving officials consolidate and report monthly cardholder submissions in accordance with the most recent guidance, and validate the submissions to reduce the current level of effort needed to process credit card payments.

**32. Report No. AA 96-227, "Government Commercial Credit Card Program, U.S. Army Engineer Division, Pacific Ocean," June 18, 1996.** Overall, the credit card program was effective; however, some areas needed improvement. The Division could expand the use of credit cards to include its district offices. Separation of duties between cardholders and receiving agents was needed. Improvements were also needed in identifying the local purchase authority for items to be purchased, reconciling account statements each month, and maintaining purchase files. The report suggested that management encourage staff to use the Government credit card to purchase goods and services; implement the program at other Districts; and periodically review the number of cardholders and their purchase limits. The report also suggested that management designate, in writing, authorized receiving agents for credit card purchases ensuring that separation of duties between cardholders and receiving agents is maintained.

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**33. Report No. AA 96-128, “Government Commercial Credit Card Program,” February 26, 1996.** This was an Army-wide report. Some organizations had not fully implemented the program and other organizations needed to increase credit card use for purchases made with blanket purchase agreements and purchase orders. Also, some activities implemented standing operating procedures that discouraged the use of the credit card, and some cardholders did not adequately support or coordinate purchases, and others split purchases to avoid the \$2,500 single purchase limitation. The report recommended that the Army increase the use of credit cards by advising installation commanders and contracting offices of the benefits of using credit cards, and instruct contracting offices to review standing operating procedures and to delete procedures that prevent effective use of the credit cards. Management concurred with the recommendations.

**34. Report No. AA 96-46, “Government Commercial Credit Card Program, U.S. Army White Sands Missile Range, New Mexico,” February 5, 1996.** Management needed to streamline procedures to improve the ease and timeliness of purchases. Management could consolidate supply activities without any significant reduction in supply availability and improve some key management controls. The report had recommendations to simplify credit card purchasing procedures, eliminate stockage of items with no demands, document training for cardholders, program administrators, and approving officials, and ensure that cardholders are not designated as their own approving official. Management concurred with the recommendations.

**35. Report No. AA 96-7, “Government Commercial Credit Card Program, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas,” December 8, 1995.** Fort Bliss could expand the use of credit cards to realize more benefits. Controls over using the credit cards and accounting for goods and services purchased with credit cards were in place and working. However, controls over appointing approving officials, coordinating the purchase of automation items, and staying within expenditure limits needed strengthening. The report made recommendations to encourage activities to make better use of the credit card program, require approving officials to periodically review the need to appoint additional cardholders, require periodic reviews to ensure that appointments of approving officials are current, schedule additional training for cardholders and approving officials, and ensure appropriate separation of duties and management controls. Management concurred with the recommendations.

**36. Memorandum Report No. AA 96-21, “Audit of the Government Commercial Credit Card Program, Fort Sam Houston, Texas,” November 6, 1995.** Fort Sam Houston benefited from using credit cards, effectively controlled credit cards, used credit cards according to guidance, and adequately accounted for goods and services purchased. The report suggested that guidance on mandatory sources for supply be included in the credit card program standard operating procedures and in the training classes for cardholders and approving officials.

**37. Report No. AA 96-4, “Government Commercial Credit Card Program, I Corps and Fort Lewis, Fort Lewis, Washington,” October 26, 1995.** Cardholders and approving officials at I Corps and Fort Lewis needed to effectively control or adequately account for goods and services purchased with the credit card. Specifically, cardholders and approving officials did not obtain written approval before buying accountable items, ensure that purchases were not split to circumvent

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the dollar limitation on single card purchases, or ensure that accountable items were recorded in property books. The report recommended that cardholders and approving officials obtain documented, written approval before purchasing accountable items, instruct cardholders and approving officials to coordinate purchase requests of more than \$2,500 with the Directorate of Contracting, and have cardholders and approving officials ensure that all accountable items are recorded in property books. Management concurred with the recommendations.

**38. Report No. AA 96-3, "Government Commercial Credit Card Program, U.S. Army Corps of Engineers, South Atlantic Division, Atlanta, Georgia," October 25, 1995.** The South Atlantic Division needed to fully implement the Government commercial credit card program. Only one of the three districts reviewed routinely used the credit card for small purchase transactions. The report recommended the Division establish a plan and goal for the districts to increase the use of credit cards when making small purchases. Management concurred with the recommendation.

## Naval Audit Service

This report is available on the Naval Audit Service home page at <http://www.hq.navy.mil/NavalAudit>.

**39. Report No. 010-99, Commercial Credit Card Programs at Naval Air Warfare Center, Aircraft Division, November 27, 1998.** The program was not managed in accordance with appropriate directives and internal controls were not in place or functioning to prevent or promptly detect material errors and irregularities. Specifically, internal semiannual reviews of the purchase card program were not done consistently and did not address internal operating procedures to ensure compliance with applicable directives, compliance with applicable training requirements, delegations of authority, or prompt payment issues. One activity was late in making 71 of 142 credit card payments. As a result, the activity paid \$24,350 in interest charges from July 1994 to February 1998. Certifying officials were late certifying the statements and cardholders did not reconcile the statements accurately or timely. The billing office often returned billing account statements to the certifying officials for correction, further delaying payment. During FY 1997 and FY 1998, 26 of 51 contracts awarded could have used the purchase card program as a method of procurement and 17 of 51 contracts could have used the purchase card program as a method of making contract payments. There was no separation of duties for purchase card program requisitions and as a result, 775 requisitions totaling \$124,223 were processed on which an individual acted as requestor (recording), department approver (authorizing), and cardholder (processing). Documentation maintained to verify training classes was poor and refresher training plans did not exist. Recommendations were made to provide training, implement procedures to take advantage of quantity discounts, develop software controls and aged reports, and establish controls to ensure pilferable property is recorded in the inventory system. Management actions were responsive.



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## Air Force Audit Agency

These reports are available on the Air Force Audit Agency home page at <http://www.affa.hq.af.mil>.

### Air Force-Wide

**40. Report No. 99064007, "International Merchant Purchase Authorization Card Usage," June 16, 2000.** The Air Force had implemented an effective credit card program and significantly increased credit card use from FY 1996 to FY 1998. However, Air Force staff did not, in all cases, comply with internal controls for credit card purchases. Specifically, installation program coordinators did not perform adequate cardholder oversight, and approving officials did not maintain or require cardholders to maintain all necessary documentation. Further, cardholders did not always obtain approvals for regulated items, use the correct cards to purchase items for non-appropriated fund activities, observe single purchase criteria that disallowed purchase splitting, or purchase supplies from approved vendors. As a result, cardholders were able to make improper purchases and installation program coordinators and approving officials did not detect and deter these improper purchases. The report recommended revising the Air Force procedures for using the credit card, and requiring the cardholders' approving official to perform the annual review. The report also made recommendations to reiterate the importance of adhering to assigned duties and responsibilities and direct the installation program coordinator to review training statements for each approving official and cardholder. Management actions were responsive.

**41. Report No. 96064011, "Controls Over the Use of the International Merchant Purchase Authorization Card," August 11, 1997.** Overall the Air Force had implemented a cost-effective credit card program. However, the Air Force needed to improve overall implementation of the program. Specifically, credit card program coordinators, approving officials, and cardholders did not maximize use of the credit card and did not always comply with established controls; payments were not properly processed; and internal controls over purchases and payments, although adequate, were not properly implemented. The report recommended improving delinquencies and questionable account reconciliations. Management actions were responsive.

### Installation-Level

42. Report No. DI001036, "Air Force Purchase Card Program, Ogden Air Logistics Center, Hill AFB UT," September 17, 2001.

43. Report No. DE001033, "Air Force Purchase Card Program, 325th Fighter Wing, Tyndall AFB FL," September 14, 2001.

**44. Report No. EL001097, "Air Force Purchase Card Program, 20th Fighter Wing, Shaw AFB SC," September 13, 2001.** Cardholders did not use proper purchase procedures for 21 of 151 purchases reviewed. In addition, cardholders did not maintain all supporting documentation for 23 of 151 purchases, and billing

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officials did fully reconcile 22 of 151 purchases reviewed. Finally, staff did not establish accountability for computer equipment purchased with the purchase card at a cost of \$21,051. Staff did not record 6 of 14 computer items purchased using the purchase card in the inventory system. Cardholders did not coordinate computer purchases through the automated data processing equipment manager. Specifically, cardholders used their unit address as the “ship to” address on orders rather than the manager’s “ship to” address. Management officials took corrective action to provide additional training and increase the emphasis of training on authorized purchases and reconciliation procedures. The report also recommended establishing accountability for the six computer purchases identified. Management concurred with the recommendation.

45. Report No. EO001071, “Air Force Purchase Card Program, 55th Wing, Offutt AFB NE,” September 12, 2001.

46. Report No. DE001032, “Air Force Purchase Card Program, Air Armament Center, Eglin AFB FL,” September 6, 2001.

47. Report No. EA001054, “Purchase Card Program, 11th Wing, Bolling AFB DC,” August 29, 2001.

48. Report No. DR001037, “Air Force Purchase Card Program, Warner Robins Air Logistics Center, Robins AFB GA,” August 29, 2001.

49. Report No. EB001061, “Air Force Purchase Card Program, 81st Training Wing, Keesler AFB MS,” August 28, 2001.

50. Report No. WN001053, “Air Force Purchase Card Program, 377th Air Base Wing, Kirtland AFB NM,” August 7, 2001.

51. Report No. WS001073, “Air Force Purchase Card Program, 82d Training Wing, Sheppard AFB TX,” July 31, 2001.

52. Report No. WH001045, “International Merchant Purchase Authorization Card Program, 353d Special Operations Group, Kadena AB, Japan,” July 30, 2001.

**53. Report No. DW001030, “Surveillance of the Air Force Government-Wide Purchase Card, 178th Fighter Wing, Ohio Air National Guard, Springfield-Beckley Municipal Airport OH,” July 27, 2001.** Overall, management controls and procedures for use of the purchase card were not effective. Although staff had been using the purchase card for several years, the program coordinator did not consistently include adequate management controls and procedures when establishing purchase card program accounts; and purchase card officials did not always properly record and reconcile transactions before payment. The Comptroller at one activity was also an assigned billing official, thereby combining responsibilities to authorize, process, record, and review transactions. The report recommended that Air Force purchase card controls and procedures be included in local standard operating procedures. Management agreed with the recommendation.

54. Report No. DE001028, “Air Force Purchase Card Program, 16th Special Operations Wing, Hurlburt Field FL,” July 24, 2001.

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55. Report No. WR001026, "Air Force Government-Wide Purchase Card Program, 12th Flying Training Wing, Randolph AFB TX," July 23, 2001.

**56. Report No. WR001025, "Government-Wide VISA Smartpay Purchase Card Program, 149th Fighter Wing, Texas Air National Guard, Kelly AFB TX," July 23, 2001.** The purchase card program required improvement. Although the program coordinator had revised the guidance for use of the purchase card, and accountable items purchased using the purchase card were properly accounted for, weaknesses in the overall program existed. The program coordinator assigned merchant activity codes to functional organization cardholders that were either not appropriate, or were not rescinded after the "one time" need occurred. For example, 5 of 37 cardholders had at least one merchant category code that was not applicable to purchases for the organization. In addition, the program coordinator did not rescind codes assigned temporarily to cardholders that requested specific authorized purchases outside of their functional organization authority for a specific time period. The program coordinator did not adequately administer the program through annual inspections of cardholders and approving officials or maintenance of cardholder and approving official documentation. The program coordinator did not accomplish annual reviews in FY 2000 for 33 of 37 cardholders or any of the 21 approving officials at one activity. Additionally, none of the current cardholders were reviewed within 90 days of being appointed a cardholder, as required by regulations. The report recommended the program coordinator provide initial or refresher training, reemphasize all card purchases must be coordinated with the cardholder, develop a schedule to accomplish required reviews of cardholders, annually review each cardholder's merchant activity code, and maintain supporting documentation for each cardholder and approving official. Management concurred with the recommendations.

57. Report No. WP001051, "Air Force Purchase Card Program, 28th Bomb Wing, Ellsworth AFB SD," July 11, 2001.

58. Report No. WS001067, "Equipment Accountability, 128th Air Refueling Wing, Air National Guard, Milwaukee WI," June 28, 2001.

59. Report No. WS001065, "Government-Wide Purchase Card Program, Combat Readiness Training Center, Air National Guard, Volk Field WI," June 21, 2001.

60. Report No. EO001055, "Child Development Center, 55th Wing, Offutt AFB NE," May 21, 2001.

61. Report No. WS001056, "Government-Wide Purchase Card Program, 348th Recruiting Squadron, Little Rock AFB AR," May 8, 2001.

62. Report No. WS001055, "Government-Wide Purchase Card Program, 128th Air Refueling Wing, Air National Guard, General Mitchell Field WI," May 8, 2001.

**63. Report No. WM001043, "Government-Wide Purchase Card Program, 336th Training Group, Fairchild AFB WA," May 1, 2001.** Management did not establish effective procedures to account for non-expendable equipment and individual issue purchases. Specifically, 9 of 12 (75 percent) cardholders reviewed needed to improve internal controls to properly account for non-expendable and/or individual equipment. This occurred because management relied on outdated

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purchase card guidance and had not emphasized required accountability procedures. Three billing officials attested to the accuracy of information provided to the certifying officer in support of the payments to the bank for 4,831 transactions valued at \$1,386,003 without first-hand knowledge of the purchases or the disposition of the assets. Billing officials relied on cardholders to self-certify that purchases, including pilferable items such as sleeping bags, tools, individual equipment, auto parts, and recreation vehicle repairs, were for valid mission requirements rather than for personal use. The report recommended accountability procedures be established to record all non-expendable property purchases. The report also recommended that billing officials be in the chain of command and establish procedures to ensure that an appropriate supervisor review cardholder transactions. Management agreed with the recommendations.

64. Report No. DI001025, "Chaplain Funds, Ogden Air Logistics Center, Hill AFB UT," April 26, 2001.

65. Report No. EL001065, "International Merchant Purchase Authorization Card Program, Headquarters Air Combat Command, Langley AFB VA," April 25, 2001.

66. Report No. WS001047, "International Merchant Purchase Authorization Card Program, 434th Air Refueling Wing, Air Force Reserve Command, Grissom ARB IN," April 11, 2001.

67. Report No. WS001043, "Property, Plant, and Equipment (Real Property Portion), Fiscal Year 2000. Air Force Consolidated Financial Statements, 440th Airlift Wing, Air Force Reserve Command, General Mitchell ARB WI," April 2, 2001.

**68. Report No. DE001018, "Blanket Purchase Agreements, Air Armament Center, Eglin AFB FL," April 2, 2001.** Not all blanket purchase agreements were used sufficiently to warrant maintaining them as established, and some minimally used blanket purchase agreements could be restructured to reduce administrative billing costs. Therefore, the opportunity exists to reduce small purchase administrative costs through increased management oversight and purchase card use. Specifically, 3 of 36 blanket purchase agreements reviewed could have used the purchase card to pay for purchases instead of direct billing to reduce administrative billing costs, promote efficiency and economy in contracting, and provide faster payment to the contractor. Not using the purchase card cost the Air Force an estimated \$4,725 in additional payment processing costs. The report recommended that a credit card payment method be established for the three blanket purchase agreements identified and provide training so that users will know when a blanket purchase agreement should be canceled for insufficient activity. Management agreed with the recommendations.

69. Report No. WP001020, "International Merchant Purchase Authorization Card Program, 60th Air Mobility Wing, Travis AFB CA," January 25, 2001.

70. Report No. WM001027, "International Merchant Purchase Authorization Card Controls, 173d Fighter Wing, Kingsley Field OR," January 17, 2001.

71. Report No. WM001026, "Budget Code 9 Assets, 28th Bomb Wing, Ellsworth AFB SD," January 17, 2001.

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72. Report No. EB001025, "International Merchant Purchase Authorization Card Program, 6th Air Refueling Wing, MacDill AFB FL," January 2, 2001.

73. Report No. EL001042, "Flying Hour Funds, 130th Airlift Wing, Charleston WV," December 29, 2000.

74. Report No. EB001023, "International Merchant Purchase Authorization Card Program, 172d Airlift Wing, Jackson MS," December 15, 2000.

75. Report No. WS001016, "Followup on Base Furnishings, 375th Airlift Wing, Scott AFB IL," December 14, 2000.

**76. Report No. ER001008, "International Merchant Purchase Authorization Card Usage, 422d Air Base Squadron, Royal Air Force Croughton, United Kingdom," December 1, 2000.** Purchase card usage was generally adequate but required improvement in all three areas reviewed. Cardholders did not obtain or document the required approval in 33 of 68 instances. For example, one unit made nine purchases valued at \$56,324 for items such as computers and printers without obtaining approval from the controlling agency. In addition, cardholders and approving officials did not properly document and maintain support for purchase card acquisitions. Specifically, 219 of 451 (49 percent) purchases, valued at \$162,358, were not recorded in the purchase log and 143 of the 451 (32 percent) purchases listed could not be verified as approved or reconciled by cardholders or approving officials. The program coordinator was 1 to 19 months late in performing required reviews for 39 of 49 cardholders (80 percent) reviewed. The report recommended the program coordinate perform the required reviews of cardholders and approving officials. Management agreed with the recommendations.

**77. Report No. DI001012, "International Merchant Purchase Authorization Card Program, 419th Fighter Wing, Hill AFB UT," December 1, 2000.** The purchase card program was not effectively managed. Specifically, purchase logs were not always properly prepared or maintained, coordination for purchases was not always accomplished, and documentation to support purchases was not always maintained. Some cardholders did not sign and date, retain a copy, or reconcile the account statement when it was received. Cardholders did not always maintain the required administrative documentation in their file. For example, a review of 34 cardholder files disclosed that 18 did not have a delegation of authority in their files, and 19 did not have the cardholder instructions in their files. Purchase rebates were not always used, purchases were improperly split, and unauthorized individuals made some purchases. For example, one cardholder made three purchases totaling \$5,331 of office furniture from one vendor on the same day. Also, funding documentation was not always timely processed or maintained. The report made recommendations to require cardholders to include all needed information on the purchase log, obtain coordination with applicable host base organizations before making purchases, make and retain copies of their account statements, take advantage of rebates, verify funds are available prior to making commitments, and maintain the funding authorization document. Management agreed with the recommendations.

78. Report No. WM001020, "International Merchant Purchase Authorization Card Program, 366th Wing, Mountain Home AFB ID," November 28, 2000.

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79. Report No. EL001028, "International Merchant Purchase Authorization Card Purchases, 1st Combat Camera Squadron, Charleston AFB SC," November 27, 2000.

80. Report No. WN001014, "Family Housing Maintenance, 355th Wing, Davis-Monthan AFB AZ," November 22, 2000.

81. Report No. WN001013, "Fiscal Year 2000 Obligation Review, 99th Air Base Wing, Nellis AFB NV," November 22, 2000.

**82. Report No. WN001012, "Fiscal Year 2000 Obligation Review, 49th Fighter Wing, Holloman AFB NM," November 20, 2000.** The 49th Fighter Wing did not effectively implement internal controls over recording and properly monitoring obligations. Cardholder accounts were not reviewed to determine if all charges had been billed and cardholders did not inform the resource advisors when all year-end purchases were billed and paid. For example, one unit had established five obligations with a combined balance of \$28,338 to pay year-end purchases. However, the unit only purchased \$10,697, which means staff could have deobligated \$17,641 and used the funds for other requirements. The report recommended that cardholder accounts be periodically reviewed to determine if all prior year charges were billed. Management concurred with the recommendation.

83. Report No. EL001023, "Flying Hour Program, 916th Air Refueling Wing, Seymour Johnson AFB NC," November 17, 2000.

84. Report No. WN001011, "Budget Code 9 Accountability, 56th Fighter Wing, Luke AFB AZ," November 16, 2000.

85. Report No. DW001004, "International Merchant Purchase Authorization Card, Purchases of Hazardous Materials, Aeronautical Systems Center, Wright-Patterson AFB OH," October 30, 2000.

86. Report No. EO001005, "International Merchant Purchase Authorization Card, Outdoor Recreation Activity, 22d Air Refueling Wing, McConnell AFB KS," October 25, 2000.

87. Report No. DI001004, "Essential Products Program, Ogden Air Logistics Center, Hill AFB UT," October 25, 2000.

88. Report No. EL001010, "Contracted Services, Detachment 1, 347th Wing, Moody AFB GA," October 10, 2000.

89. Report No. EO001003, "International Merchant Purchase Authorization Card, 71st Flying Training Wing, Vance AFB OK," October 2, 2000.

90. Report No. EO000082, "International Merchant Purchase Authorization Card Usage, 442d Fighter Wing, Whiteman AFB MO," September 21, 2000.

91. Report No. EA000077, "International Merchant Purchase Authorization Card Program, 914th Airlift Wing, Niagara International Airport/Air Reserve Station NY," September 21, 2000.

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**92. Report No. WR000032, “Chaplain Service Resources, 7th Bomb Wing, Dyess AFB TX,” September 21, 2000.** Chaplain staff did not always effectively monitor appropriated fund expenditures. Chaplain cardholders did not include 12 of 101 purchases (12 percent), valued at \$5,251, on the purchase card log. The report recommended that management provide training to cardholders on split purchases and the purchase limitation and require cardholders to include all purchases on the log, reconcile account statements, and research any variances. Management actions were responsive.

93. Report No. WP000075, “Automated Data Processing Equipment, 60th Air Mobility Wing, Travis AFB CA,” September 14, 2000.

**94. Report No. WR000030, “Government Card Usage, Headquarters Air Force Services Agency, Randolph AFB TX,” September 13, 2000.** Generally, controls over the government credit card programs were adequate. However, the program coordinator did not provide all required training, properly assign merchant codes, or accomplish cardholder inspections. The program coordinator did not provide the cardholder training required by Air Force guidance. Areas not covered during training included: blanket purchase agreements, competition and price reasonableness, purchase of non-medical equipment, warranties, established contracts, and purchase card policies and procedures. The report recommended that the program coordinator provide training as required by Air Force guidance. Management actions were responsive.

95. Report No. WP000069, “Family Support Center Financial Operations, 21st Space Wing, Peterson AFB CO,” September 8, 2000.

96. Report No. EB000085, “International Merchant Purchase Authorization Card Program, 117th Air Refueling Wing, Birmingham MAP AL,” September 7, 2000.

97. Report No. WS000076, “Followup of the International Merchant Purchase Authorization Card Program, 164th Airlift Wing, Air National Guard, Memphis TN,” September 6, 2000.

98. Report No. WN000057, “Fiscal Year 2000 Obligation Review, 56th Fighter Wing, Luke AFB AZ,” August 29, 2000.

99. Report No. EL000120, “Flying Hour Funds, 437th Airlift Wing, Charleston AFB SC,” August 17, 2000.

100. Report No. WN000055, “International Merchant Purchase Authorization Card, 162d Fighter Wing, Tucson International Airport AZ,” August 10, 2000.

101. Report No. EO000068, “International Merchant Purchase Authorization Card, 5th Bomb Wing, Minot AFB ND,” July 31, 2000.

102. Report No. WH000026, “International Merchant Purchase Authorization Card Usage, 15th Air Base Wing, Hickam AFB HI,” July 27, 2000.

103. Report No. DR000036, “Followup of Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 116th Bomb Wing, Robins AFB GA,” July 14, 2000.

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104. Report No. DI000032, "Inventory Controls Over and Management of Computer Equipment, 419th Fighter Wing, Hill AFB UT," June 28, 2000.

105. Report No. EO000062, "International Merchant Purchase Authorization Card Usage, 509th Bomb Wing, Whiteman AFB MO," June 23, 2000.

106. Report No. EL000097, "Flying Hour Funds, 347th Wing, Moody AFB GA," June 21, 2000.

107. Report No. WP000059, "Official Representation Funds, Headquarters Air Force Space Command, Peterson AFB CO," June 16, 2000.

**108. Report No. WP000056, "International Merchant Purchase Authorization Card Program, 9th Reconnaissance Wing, Beale AFB CA," June 14, 2000.**

Internal controls over the IMPAC program were generally effective. However, approving officials and cardholders allowed split purchases and did not effectively enforce some administrative controls. One cardholder purchased six television sets totaling \$2,371 from one vendor and two more identical television sets totaling \$739 from another vendor on the same day. If purchased as one transaction, the total would have been \$3,110, or \$610 more than the purchase limit of \$2,500. The report recommended that the program coordinator reemphasize the importance of using traditional acquisition procedures when total requirements exceed the \$2,500 purchase threshold, and closely examine the purchases of organizations with a history of split purchases and ensure regulatory compliance. Management agreed with the recommendations.

109. Report No. EL000092, "Flying Hour Funds, 1st Fighter Wing, Langley AFB VA," June 14, 2000.

110. Report No. EL000091, "Chaplain Funds Program, 347th Wing, Moody AFB GA," June 14, 2000.

111. Report No. EA000047, "Housing Operations Management, 11th Wing, Bolling AFB DC," June 12, 2000.

**112. Report No. WP000047, "International Merchant Purchase Authorization Card Usage, 21st Space Wing, Peterson AFB CO," May 17, 2000.** Some of the organizations had not implemented internal controls needed to ensure all purchases were appropriate and properly documented. One cardholder had made more than \$3,900 in purchases that were for personal use. The unauthorized purchases, some of which were delivered to the cardholder's home, included pens, binoculars, a home theater system, a personal computer and cart, and membership to a discount club. The organizational commander had delegated purchase verification and other approving official duties to the member's supervisors without proper training. As a result, the monthly statements did not have approval signatures, and the unauthorized purchases went undetected. Management took action during the audit to suspend the purchase authority of the cardholder. Subsequently, at Court Martial, the suspect was found guilty of larceny. In addition, 14 cardholders had made 31 purchases, valued at more than \$42,000 that were not properly supported by documentation.



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Cardholders did not provide approving officials required supporting documentation in 31 of 201 (24 percent) transactions. The report recommended that the program coordinator provide training to approving officials and cardholders, direct approving officials and cardholders to retain supporting documentation, and acquire missing documentation. Management agreed with the recommendations.

113. Report No. WP000044, "Trust Fund Financial Statements, United States Air Force Academy CO," May 10, 2000.

114. Report No. EL000068, "Flying Hour Funds Management, 23d Fighter Group, Pope AFB NC," April 12, 2000.

115. Report No. EL000066, "Wireless Communications, 20th Fighter Wing, Shaw AFB SC," April 11, 2000.

116. Report No. WH000014, "International Merchant Purchase Authorization Card Usage, 635th Air Mobility Support Squadron, Hickam AFB HI," April 6, 2000.

117. Report No. DE000016, "Controls Over Hand Tools, Air Armament Center, Eglin AFB FL," April 6, 2000.

118. Report No. EL000063, "Flying Hour Funds Management, 20th Fighter Wing, Shaw AFB SC," April 5, 2000.

119. Report No. ER000031, "Chaplain Fund, 425th Air Base Squadron, Izmir Air Station, Turkey," April 3, 2000.

120. Report No. DR000014, "Depot Maintenance Hand Tools, Warner Robins Air Logistics Center, Robins AFB GA," February 18, 2000.

121. Report No. EL000043, "Flying Hour Funds, 4th Fighter Wing, Seymour Johnson AFB NC," February 14, 2000.

122. Report No. WN000019, "Wireless Communication, 49th Fighter Wing, Holloman AFB NM," January 5, 2000.

123. Report No. WS000019, "International Merchant Purchase Authorization Card Program, 164th Airlift Wing, Air National Guard, Memphis TN," December 22, 1999.

124. Report No. ER000013, "Flying Hour Funding Process, 52d Fighter Wing, Spangdahlem Air Base Germany," December 22, 1999.

**125. Report No. WM000015, "Internal Controls Over International Merchant Purchase Authorization Card Purchases, 92d Air Refueling Wing, Fairchild AFB WA," December 21, 1999.** Internal controls over purchase card acquisitions required improvement. Assets acquired with the purchase card were on hand at the purchasing organizations and accounted for as required. However, cardholders purchased items that were not authorized or that exceeded mission needs. In addition, cardholders and approving officials did not always reconcile and certify purchases adequately to verify bank statement charges. For example, coupling gaskets were purchased, and the cardholder was quoted a price of \$80.64 but the

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account statement showed a charge of \$112.40. Although cardholders generally maintained required documentation to substantiate purchases, some transactions were not fully supported. The report recommended including examples of unauthorized and excessive purchases in future training classes. In addition, the report recommended requiring approving officials to review supporting documentation and verify bank statement charges. Management agreed with the recommendations.

126. Report No. EL000027, "Local Purchases, Avon Park Bombing Range, Detachment 1, 347th Wing, Moody AFB GA," December 15, 1999.

127. Report No. WP000013, "Annual Review of Official Representation Funds, United States Air Force Academy, CO," December 9, 1999.

128. Report No. ER000011, "International Merchant Purchase Authorization Card Program, 52d Fighter Wing, Spangdahlem AB, Germany," December 9, 1999.

129. Report No. DT000007, "Civil Engineering Material Management, Oklahoma City Air Logistics Center, Tinker AFB OK," December 7, 1999.

130. Report No. WS000012, "International Merchant Purchase Authorization Card Usage, 375th Airlift Wing, Scott AFB IL," November 29, 1999.

131. Report No. WH000004, "International Merchant Purchase Authorization Card Usage, 51st Fighter Wing, Osan AB, Korea," November 17, 1999.

132. Report No. EL000015, "International Merchant Purchase Authorization Card Program, 622d Communications Flight, Langley AFB VA," November 3, 1999.

133. Report No. ER000007, "Contracting Procedures, 763d Expeditionary Air Refueling Squadron, Al Dhafra Air Base, United Arab Emirates," November 1, 1999.

134. Report No. WS000006, "Hazardous Materials Pharmacy, 375th Airlift Wing, Scott AFB IL," October 20, 1999.

135. Report No. EL000006, "Controls Over Golf Course Pro Shop Equipment, 437th Airlift Wing, Charleston AFB SC," October 15, 1999.

136. Report No. EO099056, "International Merchant Purchase Authorization Card Usage, 55th Wing, Offutt AFB NE," September 15, 1999.

137. Report No. EA099066, "International Merchant Purchase Authorization Card Usage, 89th Airlift Wing, Andrews AFB MD," September 15, 1999.

138. Report No. WM099058, "International Merchant Purchase Authorization Card Usage, 28th Bomb Wing, Ellsworth AFB SD," September 14, 1999.

139. Report No. DD099016, "International Merchant Purchase Authorization Card Usage, Air Force Flight Test Center, Edwards AFB CA," September 14, 1999.

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140. Report No. ER099068, "Telecommunication Services and Equipment, Headquarters United States Air Forces in Europe, Ramstein Air Base, Germany," September 8, 1999.
141. Report No. DR099034, "International Merchant Purchase Authorization Card, Warner Robins Air Logistics Center, Robins AFB GA," August 30, 1999.
142. Report No. EA099058, "Followup of Control Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 911th Airlift Wing, Pittsburgh International Airport, Air Reserve Station, Coraopolis PA," August 20, 1999.
143. Report No. WN099047, "Operation of the Computer and Electronic Parts Store, Air Force Research Laboratory-Directed Energy Directorate, Kirtland AFB NM," August 19, 1999.
144. Report No. EB099098, "International Merchant Purchase Authorization Card, 14th Flying Training Wing, Columbus AFB MS," August 17, 1999.
145. Report No. WR099055, "International Merchant Purchase Authorization Card Usage, 37th Training Wing, Lackland AFB TX," August 9, 1999.
146. Report No. WN099044, "Small Computer Program, 355th Wing, Davis-Monthan AFB AZ," August 4, 1999.
147. Report No. WR099052, "International Merchant Purchase Authorization Card Usage, 59th Medical Wing, Lackland AFB TX," July 29, 1999.
148. Report No. ER099063, "International Merchant Purchase Authorization Card Usage, 100th Air Refueling Wing, Royal Air Force Mildenhall, United Kingdom," July 29, 1999.
149. Report No. WS099046, "International Merchant Purchase Authorization Card Usage, Air Force Communications Agency, Scott AFB IL" July 28, 1999.
150. Report No. ER099061, "Cellular Telephones, 86th Airlift Wing, Ramstein AB, Germany," July 23, 1999.
151. Report No. EB099090, "International Merchant Purchase Authorization Card Usage, 2d Bomb Wing, Barksdale AFB LA," July 13, 1999.
152. Report No. EB099088, "Affirmative Procurement Program, 2d Bomb Wing, Barksdale AFB LA," July 12, 1999.
153. Report No. WS099041, "International Merchant Purchase Authorization Card Program, 181st Fighter Wing, Indiana Air National Guard, Terre Haute IN," June 24, 1999.
- 154. Report No. ER099051, "International Merchant Purchase Authorization Card Usage, 48th Fighter Wing, Royal Air Force Lakenheath, United Kingdom," June 23, 1999.** Management of the purchase card program needed improvement. Cardholders and approving officials did not properly authorize and

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document purchase card acquisitions. In addition, contracting purchase card staff may not have performed adequate surveillance. Cardholders assigned to various base units made unauthorized purchases. Cardholders purchased items costing \$38,000 without prior approval. These items were used to furnish an employee break room. A purchase card was used to pay for a game area, big screen television with satellite dish, large brick bar area, brick eating/sitting area complete with a brick fountain, and a 20-foot tall clock tower. Cardholders did not properly document and maintain support for purchases. Management took action to reduce the number of cardholders and reiterated guidance detailing purchases that require prior authorization and approval by controlling activities.

155. Report No. WS099038, "International Merchant Purchase Authorization Card Usage, Air Mobility Command, Scott AFB IL," June 10, 1999.

156. Report No. ER099045, "Housing Operations, 422d Air Base Squadron, Royal Air Force Croughton, United Kingdom," June 2, 1999.

157. Report No. EB099076, "International Merchant Purchase Authorization Card Program, 45th Space Wing, Patrick AFB FL," June 2, 1999.

158. Report No. WN099036, "Affirmative Procurement Program, 49th Fighter Wing, Holloman AFB NM," May 28, 1999.

159. Report No. WH099053, "Chapel Fund Operations, 18th Wing, Kadena AB, Japan," May 26, 1999.

160. Report No. WH099051, "International Merchant Purchase Authorization Card Program, 18th Wing, Kadena AB, Japan," May 25, 1999.

161. Report No. DR099022, "Child Development Center Activities, Warner Robins Air Logistics Center, Robins AFB GA," May 21, 1999.

162. Report No. EA099044, "Purchased Goods and Services, 11th Wing, Bolling AFB DC," May 14, 1999.

163. Report No. EL099056, "Controls Over the International Merchant Purchase Authorization Card Program, 167th Airlift Wing, Martinsburg WV," May 4, 1999.

164. Report No. EL099053, "Equipment Accountability, 24th Wing, Howard AFB, Panama," May 4, 1999.

165. Report No. EB099064, "International Merchant Purchase Authorization Card Program, 187th Fighter Wing, Dannelly Field, Montgomery AL," May 3, 1999.

166. Report No. WN099032, "Hazardous Materials Pharmacy Program, 355th Wing, Davis-Monthan AFB AZ," April 22, 1999.

167. Report No. DE099027, "International Merchant Purchase Authorization Card Usage, Air Armament Center, Eglin AFB FL," April 20, 1999.

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168. Report No. EB099059, "International Merchant Purchase Authorization Card Program, 156th Airlift Wing, Muniz Air National Guard Base, Puerto Rico," April 19, 1999.
169. Report No. DD099008, "Affirmative Procurement Program, 452d Air Mobility Wing, March Air Reserve Base CA," April 9, 1999.
170. Report No. WM099032, "International Merchant Purchase Authorization Card Controls, 939th Rescue Wing, Portland International Airport OR," April 6, 1999.
171. Report No. WP099024, "Hazardous Materials Program, 21st Space Wing, Peterson AFB CO," April 5, 1999.
172. Report No. EL099042, "Logistics Programs Flight Controls Over Small Purchases, 1st Fighter Wing, Langley AFB VA," April 1, 1999.
173. Report No. EB099055, "Maxwell-Gunter Chaplain Funds for Fiscal Year 1998, 42d Air Base Wing, Maxwell AFB AL," April 1, 1999.
174. Report No. DE099022, "16th Services Squadron Financial Management, 16th Special Operations Wing, Hurlburt Field FL," March 12, 1999.
175. Report No. WS099023, "International Merchant Purchase Authorization Card, 123d Airlift Wing, Air National Guard, Louisville KY," March 11, 1999.
176. Report No. WH099031, "Local Purchases, 51st Fighter Wing, Osan AB, Korea," March 11, 1999.
177. Report No. ER099025, "Fire Department Equipment Accountability, 52d Fighter Wing, Spangdahlem AB, Germany," March 8, 1999.
178. Report No. DI099024, "Environmental Management of Small Purchases, Ogden Air Logistics Center, Hill AFB UT," February 18, 1999.
179. Report No. WN099018, "Use of the International Merchant Purchase Authorization Card for Small Purchases, 355th Wing, Davis-Monthan AFB AZ," February 5, 1999.
180. Report No. WN099017, "Exterior Electric Shop Operations, 49th Fighter Wing, Holloman AFB NM," February 05, 1999.
181. Report No. WP099016, Automated Data Processing Equipment Accountability, Schriever AFB CO," January 28, 1999.
182. Report No. WH099017, "International Merchant Purchase Authorization Card Program, 353d Special Operations Group, Kadena AB, Japan," January 26, 1999.
183. Report No. WS099018, "International Merchant Purchase Authorization Card Program, 97th Air Mobility Wing, Altus AFB OK," January 20, 1999.
184. Report No. DT099008, "Use of the International Merchant Purchase Authorization Card-72d Air Base Wing, Tinker AFB OK," January 21, 1999.

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185. Report No. WN099016, "Golf Course Procurement, Inventory, and Cash Procedures, 56th Fighter Wing, Luke AFB AZ," January 12, 1999.
186. Report No. WP099013, "Auto Skills Center Equipment Accountability, 21st Space Wing, Peterson AFB CO," January 11, 1999.
187. Report No. WN099014, "Use of International Merchant Purchase Authorization Card, 99th Air Base Wing, Nellis AFB NV," December 21, 1998.
188. Report No. WH099010, "International Merchant Purchase Authorization Card Program, 633d Air Mobility Support Squadron, Kadena AB, Japan," December 21, 1998.
189. Report No. DT099007, "Use of the International Merchant Purchase Authorization Card, Oklahoma City Air Logistics Center, Tinker AFB OK," December 14, 1998.
190. Report No. EB099024, "Non-Appropriated Fund International Merchant Purchase Authorization Card Program, 42d Air Base Wing, Maxwell AFB AL," December 9, 1998.
191. Report No. WN099010, "Civil Engineer Materials, 355th Wing, Davis-Monthan AFB AZ," November 24, 1998.
192. Report No. EB099011, "International Merchant Purchase Authorization Card Program, 118th Airlift Wing, Air National Guard, Nashville TN," November 17, 1998.
193. Report No. WN099004, "Use of International Merchant Purchase Authorization Card, 49th Fighter Wing, Holloman AFB NM," November 10, 1998.
194. Report No. WR099005, "International Merchant Purchase Authorization Card, 301st Fighter Wing, Naval Air Station, Fort Worth Joint Reserve Base TX," October 28, 1998.
195. Report No. EB099010, "International Merchant Purchase Authorization Card Program, 463d Airlift Group, Little Rock AFB AR," October 27, 1998.
196. Report No. EL099009, "International Merchant Purchase Authorization Card, 20th Fighter Wing, Shaw AFB SC," October 23, 1998.
197. Report No. EL099007, "International Merchant Purchase Authorization Card, 65th Air Base Wing, Lajes Field, The Azores, Portugal," October 22, 1998.
198. Report No. WR099002, "International Merchant Purchase Authorization Card Program, 27th Fighter Wing, Cannon AFB NM," October 21, 1998.
199. Report No. WH099002, "Air Force Official Representation Contingency Funds-Fiscal Year 1997, HQ PACAF, Hickam AFB HI," October 13, 1998.
200. Report No. EB099006, "International Merchant Purchase Authorization Card Program, 314th Airlift Wing, Little Rock AFB AR," October 7, 1998.

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201. Report No. WS099001, "Use of the International Merchant Purchase Authorization Card, 22d Air Refueling Wing, McConnell AFB KS," October 1, 1998.
202. Report No. WR098019, "International Merchant Purchase Authorization Card, 17th Training Wing, Goodfellow AFB TX," September 8, 1998.
203. Report No. WP098032, "Use of the International Merchant Purchase Authorization Card, 129th Rescue Wing, Moffett Federal Airfield CA," September 8, 1998.
204. Report No. DH098007, "Base Supply Equipment Accountability, Electronic Systems Center, Hanscom AFB MA," August 19, 1998.
205. Report No. EL098045, "Self-Help Program, 4th Fighter Wing, Seymour Johnson AFB NC," August 18, 1998.
206. Report No. WS098040, "Air Force Official Representation Contingency Funds, Fiscal Year 1997, Headquarters Air Mobility Command, Scott AFB IL," August 14, 1998.
207. Report No. EL098042, "International Merchant Purchase Authorization Card Program, 24th Wing, Howard AFB, Panama," August 11, 1998.
208. Report No. WN098024, "Use of the International Merchant Purchase Authorization Card, 56th Fighter Wing, Luke AFB AZ," August 6, 1998.
209. Report No. WH098009, "International Merchant Purchase Authorization Card Program, 390th Intelligence Squadron, Kadena AB, Japan," August 6, 1998.
210. Report No. WS098030, "Use of the International Merchant Purchase Authorization Card, 190th Air Refueling Wing, Kansas Air National Guard, Forbes Field KS," July 8, 1998.
211. Report No. ER098027, "Blanket Purchase Agreements, 4406th Operations Group (Provisional), Al Jaber Air Base, Kuwait," June 3, 1998.
212. Report No. ER098013, "International Merchant Purchase Authorization Card, 31st Fighter Wing, Aviano AB, Italy," May 7, 1998.
213. Report No. WS098011, "Use of the International Merchant Purchase Authorization Card, 184th Bomb Wing, Kansas Air National Guard, McConnell AFB KS," April 28, 1998.
214. Report No. EL098002, "International Merchant Purchase Authorization Card Program, 4th Fighter Wing, Seymour Johnson AFB NC," April 2, 1998.
215. Report No. 53098015, "Management of the International Merchant Purchase Authorization Card, 52d Fighter Wing, Spangdahlem AB, Germany," March 20, 1998.

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216. Report No. 40498011, "Use of the International Merchant Purchase Authorization Card, Electronic Systems Center, Hanscom AFB MA," March 17, 1998.
217. Report No. 40598041, "Followup on Controls Over the Use of the International Merchants Purchase Authorization Cards for Small Purchases, Ogden Air Logistics Center, Hill AFB UT," March 13, 1998.
218. Report No. 50498009, "Use of the International Merchant Purchase Authorization Card, 437th Airlift Wing, Charleston AFB SC," March 9, 1998.
219. Report No. 26198008, "Management of the International Merchants Purchase Authorization Card Program, 50th Space Wing, Falcon AFB CO," February 13, 1998.
220. Report No. 51298032, "Followup of Controls Over the Use of the International Merchant Purchase Authorization Card for Small Purchases, 192d Fighter Wing, Byrd International Airport, Sandston VA," February 12, 1998.
221. Report No. 40298004, "Materiel and Equipment Control, Air Force Flight Test Center, Edwards AFB CA," January 23, 1998.
222. Report No. 42598023, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 5th Combat Communications Group, Robins AFB GA," January 16, 1998.
223. Report No. 52298012, "Controls Over Local Purchases, 86th Airlift Wing, Ramstein AB, Germany," December 31, 1997.
224. Report No. 51298019, "Management of the International Merchant Purchase Authorization Card Program, 203d RED HORSE Civil Engineering Flight, Virginia Air National Guard, Camp Pendleton VA," December 31, 1997.
225. Report No. 51298017, "Followup Audit, Management of the International Merchant Purchase Authorization Card Program, 1st Fighter Wing, Langley AFB VA," December 22, 1997.
226. Report No. 52798005, "Management of the International Merchant Purchase Authorization Card, 43d Airlift Wing, Pope AFB NC," December 22, 1997.
227. Report No. 50798003, "International Merchant Purchase Authorization Card Program, 185th Fighter Wing, Iowa Air National Guard, Sioux Gateway Airport, Sergeant Bluff IA," December 22, 1997.
228. Report No. 50797028, "International Merchant Purchase Authorization Card Program, 28th Bomb Wing, Ellsworth AFB SD," September 19, 1997.
229. Report No. 22097021, "Management of Controls Over the Use of the International Merchant Purchase Authorization Card, 15th Air Base Wing, Hickam AFB HI," August 11, 1997.



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230. Report No. 51997018, "Management of the International Merchant Purchase Authorization Card, 5th Bomb Wing, Minot AFB ND," July 17, 1997.
231. Report No. 42597042, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, Warner Robins Air Logistics Center, Robins AFB GA," May 23, 1997.
232. Report No. 22097011, "Management of Controls Over the Use of the International Merchant Purchase Authorization Card, 635th Air Mobility Support Squadron, Hickam AFB HI," April 14, 1997.
233. Report No. 41097022, "Controls Over the Use of International Merchant Purchase Authorization Cards, Brooks AFB TX," April 1, 1997.
234. Report No. 50697004, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 911th Airlift Wing, Pittsburgh International Airport, Air Reserve Station, Coraopolis PA," March 20, 1997.
235. Report No. 52097011, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 139th Airlift Wing, St Joseph Air National Guard MO," March 17, 1997.
236. Report No. 40397019, "International Merchant Purchase Authorization Cards, 325th Fighter Wing, Tyndall AFB FL," March 17, 1997.
237. Report No. 52797011, "Management of the Base Tool Control and Purchasing Program, 20th Fighter Wing, Shaw AFB SC," March 14, 1997.
238. Report No. 50297011, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 89th Airlift Wing, Andrews AFB MD," February 19, 1997.
239. Report No. 42597017, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 116th Bomb Wing, Robins AFB GA," February 7, 1997.
240. Report No. 42597016, "Reserve Unit Local Purchases, Headquarters Air Force Reserve, Robins AFB GA," February 6, 1997.
241. Report No. 52197012, "Review of Revenue and Operating Expenses, Fund Control Process, Fiscal Year 1996, Air Force Consolidated Financial Statements, 6th Air Refueling Wing, MacDill AFB FL," January 3, 1997.
242. Report No. 51297018, "Management of the International Merchant Purchase Authorization Card Program, 130th Airlift Wing, Charleston WV," December 31, 1996.
243. Report No. 51697004, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 42d Air Base Wing, Maxwell AFB AL," December 26, 1996.

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244. Report No. 41097005, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, San Antonio Air Logistics Center, Kelly AFB TX," December 20, 1996.
245. Report No. 26197009, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 140th Wing, Buckley Air National Guard Base, Aurora CO," December 3, 1996.
246. Report No. 29097006, "Management of International Merchant Purchase Authorization Cards for Tama Hills Recreation Area, 374th Airlift Wing, Yokota Air Base, Japan," November 22, 1996.
247. Report No. 51197008, "Management of the International Merchants Purchase Authorization Card Program, 48th Fighter Wing, Royal Air Force Lakenheath, United Kingdom," November 20, 1996.
248. Report No. 21997006, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 141st Air Refueling Wing, Fairchild AFB WA," November 15, 1996.
249. Report No. 52197006, "Review of Revenue and Operating Expenses, Fund Control Process, Fiscal Year 1996 Air Force Consolidated Financial Statements, Defense Accounting Office, MacDill AFB FL," November 12, 1996.
250. Report No. 50297007, "Review of the International Merchant Purchase Authorization Card Program, 11th Wing, Bolling AFB DC," November 12, 1996.
251. Report No. 40597009, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, Ogden Air Logistics Center, Hill AFB UT," November 12, 1996.
252. Report No. 27097003, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 82d Training Wing, Sheppard AFB TX," November 6, 1996.
253. Report No. 51097004, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 81st Training Wing, Keesler AFB MS," November 5, 1996.
254. Report No. 40297003, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 452d Air Mobility Wing, March Air Reserve Base CA," November 5, 1996.
255. Report No. 40597007, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 419th Fighter Wing, Air Force Reserve Stations, Hill AFB UT," October 24, 1996.
256. Report No. 40397004, "Followup Audit— Controls Over the Use of International Merchants Purchase Authorization Cards, 16th Special Operations Wing, Hurlburt Field FL," October 24, 1996.

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257. Report No. 50997001, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 319th Air Refueling Wing, Grand Forks AFB ND," October 22, 1996.
258. Report No. 41597002, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, Sacramento Air Logistics Center, McClellan AFB CA," October 22, 1996.
259. Report No. 24097003, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchase, 62d Airlift Wing, McChord AFB WA," October 22, 1996.
260. Report No. 40597004, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 84th Radar Evaluation Squadron, Hill AFB UT," October 8, 1996.
261. Report No. 21997003, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 92d Air Refueling Wing, Fairchild AFB WA," October 7, 1996.
262. Report No. 51297003, "Controls Over the Use of the International Merchants Purchase Authorization Cards for Small Purchases, 192d Fighter Wing, Richmond International Airport, Sandston VA," October 4, 1996.
263. Report No. 51597001, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 188th Fighter Wing, Air National Guard, Fort Smith AR," October 1, 1996.
264. Report No. 40597002, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 368th Recruiting Squadron, Hill AFB UT," October 1, 1996.
265. Report No. 20996026, "Management of the International Merchant Purchase Authorization Card Program, 162d Fighter Wing, Air National Guard, Tucson International Airport AZ," September 19, 1996.
266. Report No. 26096036, "Controls Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, 509th Bomb Wing, Whiteman AFB MO," September 16, 1996.
267. Report No. 26596069, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 434d Air Refueling Wing, Grissom Air Reserve Base IN," September 12, 1996.
268. Report No. 44596062, "Controls Over the Use of International Merchant Purchase Authorization Cards for Small Purchases, 910th Airlift Wing, Air Force Reserve, Youngstown-Warren Regional Airport, Vienna OH," August 27, 1996.
269. Report No. 90496038, "International Merchant Purchase Authorization Card Program Management, 354th Fighter Wing, Eielson AFB AK," August 9, 1996.

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270. Report No. 90496030, "Management of the Combat Oriented Transportation Supply Organization, 354th Fighter Wing, Eielson AFB AK," June 7, 1996.
271. Report No. 26096025, "Management of Hazardous Materials, 155th Air Refueling Wing, Lincoln Air National Guard NE," June 7, 1996.
272. Report No. 42596041, "Management of Hazardous Materials, 94th Airlift Wing, Dobbins Air Reserve Base GA," May 22, 1996.
273. Report No. 93496026, "Controls Over International Merchant Purchase Authorization Cards, 35th Fighter Wing, Misawa Air Base, Japan," May 7, 1996.
274. Report No. 26596049, "Management of the International Merchant Purchase Authorization Card Program, Headquarters Air Mobility Command, Scott AFB IL," April 23, 1996.
275. Report No. 26596048, "Management of the International Merchant Purchase Authorization Card Program, Headquarters Air Mobility Command Communications Directorate, Scott AFB IL," April 22, 1996.
276. Report No. 44596041, "Controls Over the Use of International Merchants Purchase Authorization Card for Small Purchases, Aeronautical Systems Center, Wright-Patterson AFB OH," April 11, 1996.
277. Report No. 91296011, "Management of Hazardous Materials, 944th Fighter Wing, Luke AFB AZ," April 5, 1996.
278. Report No. 93296012, "Management of the International Merchant Purchase Authorization Card Program, 30th Space Wing, Vandenberg AFB CA," March 13, 1996.
279. Report No. 93296011, "Management of the International Merchant Purchase Authorization Card Program, 14th Air Force, Vandenberg AFB CA," February 29, 1996.
280. Report No. 26596038, "Management of the International Merchant Purchase Authorization Card Program, 375th Airlift Wing, Scott AFB IL," February 29, 1996.
281. Report No. 51296026, "Review of the International Merchant Purchase Authorization Card Program, Keflavik NAS, Iceland," February 14, 1996.
282. Report No. 41096021, "The International Merchant Purchase Authorization Card Program, 76th Air Base Wing, San Antonio Air Logistics Center, Kelly AFB TX," January 30, 1996.
283. Report No. 21396010, "Management of the International Merchant Purchase Authorization Card Program, 7th Wing, Dyess AFB TX," January 26, 1996.
284. Report No. 26596019, "Management of the International Merchant Purchase Authorization Card Program, 440th Airlift Wing, Air Force Reserves, Milwaukee WI," January 23, 1996.

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285. Report No. 26596014, "Management of the International Merchant Purchase Authorization Card Program, Air Weather Service, Scott AFB IL," January 8, 1996.
286. Report No. 51296019, "Review of the International Merchant Purchase Authorization Card Program, 1st Fighter Wing, Langley AFB VA," January 5, 1996.
287. Report No. 41096012, "Review of International Merchant Purchase Authorization Card, Aerospace Equipment Management Directorate, San Antonio Air Logistics Center, Kelly AFB TX," December 18, 1995.
288. Report No. 41096009, "Review of International Merchant Purchase Authorization Card, Technology and Industrial Support Directorate, San Antonio Air Logistics Center, Kelly AFB TX," December 11, 1995.
289. Report No. 26596009, "Management of the International Merchant Purchase Authorization Card Program, Air Force Command, Control, Communications and Computer Agency, Scott AFB IL," December 11, 1995.
290. Report No. 90696011, "Controls Over the Use of International Merchant Purchase Authorization Cards, 341st Missile Wing, Malmstrom AFB MT," December 11, 1995.
291. Report No. 93096010, "Management of International Purchase Authorization Cards, 60th Air Mobility Wing, Travis AFB CA," October 30, 1995.
292. Report No. 40396005, "Followup Audit— Control Over the Use of International Merchants Purchase Authorization Cards for Small Purchases, Air Force Development Test Center, Eglin AFB FL," October 27, 1995.
293. Report No. 51296003, "Review of the International Merchant Purchase Authorization Card Program, Headquarters Air Combat Command, Langley AFB VA," October 10, 1995.
294. Report No. 26196001, "Review of Base Supply Procurement and Inventory, 21st Space Wing, Peterson AFB CO," October 2, 1995.

## **Defense Commissary Agency Internal Review Office**

**295. Report No. 98-18, "Internal Review of IMPAC Program, Headquarters and Field Operating Activities," December 27, 1999.** Credit card charges were not reconciled to official invoices prior to certification for payment, and weaknesses were identified in the areas of property accountability, purchase costs, required sources of supplies and services, and shipping charges. The report recommended that employees compare their credit card bills to supporting documents prior to certification for payment. The report also recommended the Defense Commissary Agency issue guidance requiring all credit card purchases be necessary, prudent, and made in accordance with Federal Acquisition Regulation requirements, and remind cardholders that hand receipts are to be used to ensure adequate safeguarding of assets. Management concurred with the recommendations.

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## Inspector General, Defense Information Systems Agency

**296. Report No. 2001-02, “Audit of the Commercial Purchase Card Program,” October 31, 2000.** Policies and procedures relating to purchase card program oversight, communication of procedures, and split purchases needed improvement. Weaknesses were also identified in the approving, paying, and accounting for purchases. The report recommended that the contracting organization conduct periodic compliance reviews of purchase card transactions, and mandatory refresher training for cardholders and approving officials. In addition, the report recommended that future revisions of the purchase card procedures be coordinated with the deputy directors, commanders, and chiefs of field activities. The report also recommended maintaining supporting documentation for training completed and all purchase card transactions so that it is available for examination. Management concurred with the recommendations.

**297. Report No. 99-A06, “Governmentwide Commercial Purchase Card,” August 11, 1999.** Controls over purchase card transactions for cardholders were not implemented properly, and purchases were not authorized and recorded properly. The report recommended amending the commercial purchase card procedures, amending contracting officer warrants issued to purchase cardholders, and performing regular purchase card compliance reviews. Management concurred with the recommendations.

## Defense Logistics Agency Internal Review Office

**298. Report No. C0106, “IMPAC Card Purchases and Follow-up Review on Audit No. R9908,” September 2001.** Purchase card regulations and guidance were inadequate in the area of unauthorized purchases. Cardholders made unauthorized or questionable purchases, and the list of the approving officials and purchase cardholders was not accurate. The report recommended that clear guidance on allowable and not allowable purchases be developed, and the listing of approving officials and cardholders be updated. Management disagreed with recommendations stating that developing clear guidance was unrealistic and impractical, and that changes to the approving official and cardholder list are usually made in a timely manner.

**299. Report No. 66-01, “Non-Appropriated Funds I.M.P.A.C. Credit Card Purchases,” September 10, 2001.** All purchases reviewed were appropriate and within established limits. However, some property purchases were not included on the inventory listing when required. Cardholders purchased items such as artwork, toasters, televisions, and mirrors that should have been included on the inventory listing to guard against pilferage. The report made recommendations to ensure pilferable property is added to the property control book and to request funding for future training requirements. Management concurred with the recommendations.

**300. Report No. 64-01, “DSCC-NAF Convenience Checks for 2nd and 3rd Quarters of FY 01,” August 27, 2001.** The convenience check holder was adhering to policy. The report had no findings or recommendations.

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**301. Report No. 32-01, “DSCC-NAF Convenience Checks for 1st Quarter of FY 01,” February 16, 2001.** The convenience check holder was adhering to policy; however, some information needed to be added to the check register. The report recommended that the check register be revised to include columns for fund availability and the date the check cleared the bank. Management concurred with the recommendations.

**302. Report No. 16-01, “DSCC Purchase Card Program Internal Controls,” February 8, 2001.** The agency program coordinator was exceptional in managing the internal controls of the purchase card program. However, 16 cardholders did not use their purchase card during FY 2000 raising the issue of a valid need for the card. The approving official was responsible for conducting periodic reviews to ensure each cardholder had a valid need to retain the card. The report recommended that annual reviews of purchase cardholders begin with new cardholders. Management concurred with the recommendation.

**303. Report No. 10-01, “DSCC-NAF Convenience Checks,” November 7, 2000.** The convenience check holders were adhering to policy. The report had no findings or recommendations.

**304. Report No. 55-00, “Convenience Checks,” October 5, 2000.** The convenience check holder was adhering to policy. The report made no findings or recommendations.

**305. Report No. 44-00, “Non-Appropriated Funds I.M.P.A.C. Credit Card Purchases,” August 11, 2000.** Cardholders were making allowable purchases; however, documentation was not always retained, sales tax was sometimes paid, and purchases were sometimes split to stay within the purchase limit. The report made recommendations to ensure accountable property is added to the inventory listing; emphasize the importance of dating documents, and take appropriate action to ensure that cardholders adhere to the documentation and authorization requirements for purchases. Management agreed with the recommendations.

**306. Report No. 37-00, “Convenience Checks,” May 3, 2000.** All convenience check purchases were allowable and within established limits. The report made no recommendations.

**307. Report No. R9908, “A Follow-up Review on Audit Number C99802 and a Review of the Purchase Card Program at the Defense Supply Center Richmond, Virginia,” February 2000.** Officials were weak in preventing unauthorized purchases, and purchase card applications were submitted without a fund citation. In addition, there was a slight decrease in compliance of three internal control areas (signing account statements, retaining cardholder appointment letters, and safeguarding purchase cards). The report recommended that spot checks of cardholder purchases be conducted to ensure that unauthorized or unneeded purchases are not made, and purchase card applications not be submitted without a fund citation. The report also recommended cardholders sign their account statement and retain their appointment letters. In addition, the report recommended that the purchase card program be made a part of the Management Control Plan. Management concurred with the recommendations.

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**308. Project No. DDAI-9905F, “Review of Management Controls for DLSC and DASC Operations at Camp Smith, Hawaii,” November 18, 1999.** Controls were weak in the purchase approval and certification and the property accountability areas. The report recommended the use of the certification statements be implemented. The report also recommended that an accountable property officer be appointed, an inventory be completed, and procedures be established to provide information related to credit card purchases to the accountable property officer. Management comments did not address the recommendations but the Internal Review Office stated that the deficiencies would be resolved through reassignments and training.

**309. Report No. DDC 99-17, “Audit of the Defense Distribution Depot San Joaquin, CA, Commercial Purchase Card Program,” September 22, 1999.** Procedures for processing and approving credit card purchases needed improvement. Specifically, credit card statements were not signed or processed timely, purchase documentation was not retained, and training was not provided. The report recommended that cardholders record the date account statements are received and sign all pages of the statement as part of the certifications process, ensure cardholders retain evidence of purchases and receipts, and ensure all users receive credit card training. Management concurred with the recommendations.

**310. Memorandum Report, “Review of Management Controls Over the Government Purchase Card in the Office of the Comptroller,” September 8, 1999.** The Office of the Comptroller had adequate controls over credit card usage. The report made no findings or recommendations.

**311. Report No. 56-99, “Credit Card Review DSCC-A-Deer Creek, Columbus OH,” May 6, 1999.** The Defense Supply Center, Columbus, inappropriately paid \$133.81 for breakfast and snacks for eight people attending an internal off-site meeting using the credit card. Reimbursement for the inappropriate charge was made to the U.S. Treasury. There were no recommendations in this report.

**312. Report No. 11-99, “I.M.P.A.C. Credit Card Purchases,” April 13, 1999.** Credit card documentation improved, there were no split purchases, all purchases were within the purchase limits, and interest penalties declined significantly. However, there was one instance of an unallowable purchases and improvement was needed in the area of proper certification of statements. There were no recommendations in this report.

**313. Project No. IR-9-3, “Report on the Review of Credit Card Purchases at the Defense Supply Center Philadelphia, Philadelphia, PA” March 9, 1999.** Equipment items purchased with the credit cards were not bar coded and recorded in the inventory records. The report recommended that all credit cardholders review prior year purchases to ensure those items are documented on the property records. Management concurred with the recommendation.

**314. Report No. IR-73-98, “I.M.P.A.C. Estimated Interest Penalties, Columbus OH,” December 10, 1998.** IMPAC Card Services did not properly record Defense Supply Center, Columbus interest payments. The report recommended that the Interest Payment Document be clearly marked as to whether the payments are for interest or merchandise to ensure future payments are properly charged to principal or interest penalty amounts. Management concurred with the recommendation.



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**315. Report No. C9802, “Internal Controls Governing the Use of the International Merchant Purchase Authorization Card for Commercial Micro-Purchases,” July 1998.** Adequate internal controls were established but were not followed. Account statements were not properly certified, appointment letters not retained, purchases were split to stay under the limit, and additional training was needed. In addition, no effective audit function was built into the program. The report recommended all cardholders and approving officials be notified to properly certify account statements and retain appointment letters. The report also recommended that clarification of the maximum spending limit and the term “splitting” as it relates to purchase cards be sent to all cardholders, and training be offered to cardholders. Management concurred with the recommendations.

**316. Report No. 98-06, “Review of International Merchant Purchase Authorization Card,” July 6, 1998.** Internal controls needed strengthening. Cardholders and approving officials did not sign bank statements, documentation was not maintained for all purchases, and some purchases were questionable. The report recommended requiring cardholders and approving officials to properly certify the account statements, maintain documentation for all purchases, and ensure items are not available in Base Operations Support System before using the credit card to purchase them. Management concurred with the recommendations.

**317. Report No. DDRE 97-08, “Audit of the Commercial Purchase Card Program at Defense Distribution Region East,” November 24, 1997.** Management controls over the purchase card program were generally effective; however, the following areas needed improvement: account setup and maintenance procedures, account statement timeliness, cardholder purchasing, recording, and reconciliation procedures, and rate of participation in the credit card program. The report recommended that forms be developed to appoint cardholders and establish or change cardholder and office spending limit; emphasize through training and correspondence the importance of prompt certification, approval, and transmission of the account statement; strengthen internal controls over purchasing, recording and reconciliation of purchase card data; and encourage wider participation in the purchase card program. Management concurred with the recommendations.

**318. Report No. 59-97, “I.M.P.A.C. Credit Cards Assigned to DSCC and DOCCR, Columbus OH,” September 3, 1997.** There were four cases when purchases were split in order to stay within the single purchase dollar limit. Cardholders were not processing and certifying their account statements within the required timeframe. The report recommended that organizations implement controls to ensure that the account reconciliation and certification process are completed in a timely manner. Management concurred with the recommendation.

**319. Report No. 96-10, “Review of I.M.P.A.C. Credit Card Procedures,” 1996.** Cardholders used outdated regulations, made questionable purchases, paid sales tax on purchases, were overcharged for some items, and did not maintain proper documentation. In addition, security over credit cards was lacking and bank statements were not signed as required by the regulation. The report recommended that cardholders use current regulations, ensure items are not available in Base Operations Support System, use tax exempt numbers to prevent being charged sales tax, review receipts at time of purchase to prevent overcharges, and ensure all purchases are accompanied by a receipt for proof of purchase. The report also

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recommended that credit cards be signed and properly secured and that bank statements be signed to indicate they were reviewed. Management concurred with most of the recommendations.

**320. Project No. 96-7A, “Review of Controls Over Purchase Cards,” August 12, 1996.** Overall, the Defense Logistics Agency Administrative Support Center had adequate controls over the purchase card program. However, areas needing improvement include administering the program, properly assigning approving official, ensuring sales tax is not paid, and establishing the purchase card program as an assessable unit under the Internal Management Control Program. The report recommended that remote access be established to the bank’s computer system, establish a fee recovery plan, realign one cardholder to another approving official, distribute the tax exempt letter to all cardholders, and establish the purchase card program as an assessable unit for self-evaluation. Management concurred with the recommendations.

## **Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office**

The Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office provides a synopsis of its significant internal review reports on its home page at <http://www.asafm.army.mil/fo/fod/ir/prir/synopsis/synopsis.asp>

**321-326. Synopsis of Significant Internal Review Reports FY 01–Volume I.** Six reports identified problems with lack of management oversight, split purchases, unauthorized purchases, account statements not signed, account statements not reconciled, lack of training, and interest penalties charged.

**327-331. Synopsis of Significant Internal Review Reports FY 00–Volume II.** Five reports identified problems with lack of training for approving officials, unauthorized purchases, lack of management oversight, higher graded staff performing inspections of cardholders, and a potential fraud case.

**332-336. Synopsis of Significant Internal Review Reports FY 00–Volume I.** Five reports identified problems with lack of management oversight, property accountability, lack of training, late account submissions, and late payments.

**337-345. Synopsis of Significant Internal Review Reports FY 99–Volume II.** Nine reports identified problems with property accountability, funding obligations, incomplete documentation, unauthorized purchases, splitting purchases, excessive credit limits, limited oversight, approving officials not reviewing account statements, and inadequate training.

**346-355. Synopsis of Significant Internal Review Reports FY 99–Volume I.** Ten reports identified problems with property accountability, not maximizing card use, splitting purchases, documentation, unauthorized payments, and incomplete account reconciliation and certification.

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**356-363. Synopsis of Significant Internal Review Reports FY 98–Volume II.**

Eight reports identified problems with not maximizing card use, account setup, inadequate guidance, incomplete documentation, property accountability, separation of duties, accounts not reconciled or certified, and lack of management oversight.

**364-369. Synopsis of Significant Internal Review Reports FY 98–Volume I.**

Six reports identified problems with splitting purchases, unauthorized purchases, improper recordkeeping, incomplete documentation, and property accountability.

**370-375. Synopsis of Significant Internal Review Reports FY 97–Volume II.**

Six reports identified problems with unauthorized purchases, splitting purchases, incomplete documentation, account setup, property accountability, separation of duties, lack of training, and lack of management oversight.

**376-377. Synopsis of Significant Internal Review Reports FY 97–Volume I.**

Two reports identified problems with unapproved purchases, incomplete documentation, splitting purchases, and accounts not reconciled and certified.

**378-381. Synopsis of Significant Internal Review Reports FY 96–Volume II.**

Four reports identified problems with lack of oversight reviews, lack of guidance, exceeding spending limits, and unauthorized purchases.

The following report is For Official Use Only and, therefore, has limited distribution.

382. Defense Logistics Agency, Office of Internal Review, Report No. 00-08, "Management Controls Over Commercial Purchases at Defense Distribution Depot, Red River, TX," June 16, 2000.

**Appendix C. Matrix of Systemic Issues**

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
<b>General Accounting Office</b>								
GAO-01-995T	X	X	X	X		X		X
NSIAD-00-108								
NSIAD-96-138		X	X	X		X	X	X
<b>Inspector General, Department of Defense</b>								
D-2000-159								
99-129								
96-201					X	X		
<b>Army Audit Agency</b>								
AA 01-221								
AA 00-780				X				
AA 00-779								
AA 00-778								
AA 00-777								
AA 00-776								
AA 00-775								
AA 00-774								
AA 00-773				X				
AA 00-772				X				
AA 00-771				X				
AA 00-770				X				
AA 00-769				X				
AA 00-768				X				
AA 00-767				X				
AA 00-766				X				
AA 00-194				X		X		X
AA 00-28	X		X			X		X
AA 00-29	X		X			X		X
AA 99-772								
AA 99-168					X			X
AA 98-358					X			
AA 98-261		X	X		X			
AA 97-58					X			
AA 96-260	X							
AA 96-227	X	X		X	X	X	X	

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
AA 96-128					X	X		
AA 96-46					X		X	X
AA 96-7		X			X	X	X	
AA 96-21								
AA 96-4				X	X	X		
AA 96-3					X			
<b>Naval Audit Service</b>								
98-0069	X		X	X	X	X	X	X
<b>Air Force Audit Agency / Air Force-Wide</b>								
99064007		X	X			X		
96064011	X	X	X		X	X		
<b>Air Force Audit Agency / Installation-Level</b>								
<b>FY 2001</b>								
DI001036						X		
DE001033						X		X
EL001097	X			X		X		
EO001071								
DE001032								
EA001054						X		X
DR001037						X		
EB001061								
WN001053								
WS001073				X		X		
WH001045	X			X		X		
DW001030	X	X				X	X	
DE001028								
WR001026								
WR001025	X	X	X			X		
WP001051						X		
WS001067				X				
WS001065	X			X		X		
EO001055			X					
WS001056	X					X		
WS001055			X					
WM001043			X	X		X		

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
DI001025		X					X	
EL001065	X					X		
WS001047				X		X		
WS001043						X		
DE001018					X			
WP001020		X						
WM001027			X					
WM001026				X				
EB001025			X			X		
EL001042						X		X
EB001023						X		
WS001016						X		
ER001008	X		X			X		
DI001012	X	X			X			
WM001020						X		
EL001028								
WN001014			X			X		
WN001013	X							
WN001012	X							
EL001023						X		
WN001011				X				
DW001004						X		
EO001005	X			X		X		
DI001004			X					
EL001010						X		
EO001003	X					X		
<b>FY 2000</b>								
EO000082			X			X		
EA000077			X			X		X
WR000032	X					X		
WP000075				X				
WR000030			X			X		X
WP000069			X			X		X
EB000085								
WS000076	X					X		



Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
ER000007					X			
WS000006				X				X
EL000006						X		
<b>FY 1999</b>								
EO099056			X			X		
EA099066			X			X		
WM099058	X		X			X		
DD099016						X		X
ER099068				X				
DR099034						X		X
EA099058								
WN099047					X			
EB099098	X					X	X	
WR099055			X	X		X		
WN099044				X				
WR099052	X					X		
ER099063						X		
WS099046						X		
ER099061				X				
EB099090						X		
EB099088								X
WS099041		X	X			X		
ER099051			X			X		
WS099038								
ER099045						X		
EB099076				X		X		
WN099036								X
WH099053			X			X		X
WH099051	X	X			X			
DR099022								
EA099044						X		X
EL099056	X		X					
EL099053				X				
EB099064			X		X			
WN099032				X				X



Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
DE099027								
EB099059	X		X			X		
DD099008			X					
WM099032			X			X		
WP099024								X
EL099042			X			X	X	
EB099055			X					
DE099022			X			X		
WS099023			X			X		
WH099031				X		X		
ER099025				X				
DI099024				X				
WN099018	X		X			X		
WN099017						X		
WP099016				X				
WH099017	X			X		X		
WS099018		X	X					
DT099008				X		X		
WN099016						X		X
WP099013						X		
WN099014								
WH099010	X	X				X		
DT099007			X	X	X	X		
EB099024								
WN099010								
EB099011	X		X			X		
WN099004		X	X			X		
WR099005			X					
EB099010								
EL099009		X	X					X
EL099007	X					X		
WR099002			X			X		
WH099002					X			
EB099006								
WS099001	X		X	X				

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
<b>FY 1998</b>								
WR098019		X			X	X		
WP098032	X	X				X	X	
DH098007				X				
EL098045						X		
WS098040					X			
EL098042			X			X		
WN098024								
WH098009								
WS098030	X	X	X			X		
ER098027					X			
ER098013	X	X	X					X
WS098011			X					
EL098002		X	X					
53098015								
40498011			X			X		
40598041			X					
50498009			X			X		
26198008		X	X		X			
51298032			X					
40298004						X		
42598023	X		X	X		X		
52298012								X
51298019			X					
51298017		X	X					
52798005	X	X	X		X	X		
50798003	X		X		X		X	
<b>FY 1997</b>								
50797028		X	X			X		
22097021	X	X				X		X
51997018		X				X		
42597042	X	X			X	X		
22097011			X			X		
41097022			X			X		
50697004		X			X			

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
52097011	X					X		
40397019		X	X			X		
52797011								
50297011	X		X			X		X
42597017	X	X			X	X		
42597016						X		
52197012						X		
51297018			X		X			
51697004			X		X			
41097005						X		
26197009				X	X	X		
29097006		X	X			X		
51197008		X			X			
21997006	X				X			
52197006	X		X			X		
50297007		X	X			X		
40597009		X			X	X		
27097003			X			X		
51097004		X			X			
40297003		X			X	X		
40597007	X					X		
40397004		X				X		
50997001	X	X			X			
41597002		X	X			X		
24097003		X			X	X		
40597004	X					X		
21997003	X				X	X		
51297003			X		X			
51597001	X				X			
40597002	X					X		
<b>FY 1996</b>								
20996026			X			X		
26096036	X					X		
26596069								X
44596062		X				X		

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
90496038		X				X		
93496026	X	X				X		
90496030						X		
26096025						X		
42596041			X			X		
26596049	X	X		X		X		
26596048	X		X	X		X		
44596041	X	X				X		
91296011						X		
93296012	X	X	X			X		
93296011				X		X		
26596038			X			X		X
51296026		X	X	X		X		X
41096021				X		X		
21396010			X			X		
26596019			X			X		X
26596014						X		
51296019		X	X					X
41096012	X	X		X			X	
41096009			X			X		
26596009	X			X				
90696011	X	X				X	X	X
93096010	X		X	X		X	X	
40396005	X	X		X		X		X
51296003		X		X		X		
26196001				X		X		
<b>Defense Commissary Agency Internal Review Office</b>								
98-19	X			X		X		
<b>Inspector General, Defense Information Systems Agency</b>								
2001-02			X			X	X	X
99-A06			X			X		
<b>Defense Logistics Agency Internal Review Office</b>								
C0106		X		X		X		
66-01			X	X		X		
64-01						X		

Report Number	Reconciliation and Certification	Administrative Controls	Management Oversight	Property Accountability	Purchase Card Use	Purchases	Separation of Duties	Training
32-01								
16-01			X			X		
10-01								
55-00								
44-00				X		X		
37-00								
00-08				X		X		
R9908	X	X				X		
DDAI-9905F		X		X		X		
99-17	X					X		X
Memo 9/1999								
56-99						X		
11-99	X					X		
IR-9-3				X				
73-98		X						
C9802	X					X		X
98-06	X					X		
DDRE 97-08	X	X						X
59-97	X					X		
96-10	X	X				X		
96-7A		X				X		
<b>Assistant Secretary of the Army (Financial Management and Comptroller) Internal Review Office</b>								
FY 01 Vol I	3		1			3		1
FY 00 Vol II			3			4		3
FY 00 Vol I	2		1	2		1		1
FY 99 Vol II	1	2	2	3	1	3		1
FY 99 Vol I	1	1	3	3	2	6	1	1
FY 98 Vol II	3	1	2	1	4	7	1	2
FY 98 Vol I			3	2		5	1	
FY 97 Vol II	1		2	1		2	1	1
FY 97 Vol I	1					1		
FY 96 Vol II		1	2	1		1		
<b>Total</b>	<b>88</b>	<b>70</b>	<b>115</b>	<b>79</b>	<b>50</b>	<b>222</b>	<b>22</b>	<b>52</b>

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## **Appendix D. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Director for Acquisition Initiatives  
Director, Defense Procurement

### **Department of the Army**

Assistant Secretary of the Army (Financial Management and Comptroller)  
Auditor General, Department of the Army

### **Department of the Navy**

Naval Inspector General  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Other Defense Organizations**

Defense Commissary Agency  
Defense Information Systems Agency  
Defense Logistics Agency

### **Congressional Committees and Subcommittees, Chairman and Ranking Minority Members**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Finance  
Senate Committee on Governmental Affairs

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## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Members (cont'd)**

House Committee on Appropriations

House Subcommittee on Defense, Committee on Appropriations

House Committee on Armed Services

House Committee on Government Reform

House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform

House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

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