



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

May 26, 2005

**AUDIT CLOSEOUT MEMORANDUM**

TO : Deborah Price  
Acting Assistant Secretary  
Office of Legislation and Congressional Affairs (OLCA)

FROM : Michele Weaver-Dugan, Director /s/  
Operations Internal Audit Team  
Office of Inspector General

SUBJECT : Closure of our Audit of Controls Over Purchase Card Use in OLCA  
Control Number ED-OIG/A19F0011

This memorandum advises you of the results of our audit of *Controls over Purchase Card Use in OLCA*. The objectives of our audit were to assess the current effectiveness of internal control over the purchase card program and the appropriateness of current purchase card use in OLCA. This audit is part of a review of the purchase card program being performed Departmentwide.

To accomplish our objectives, we performed a review of internal control applicable to OLCA's administration and management of its purchase cards. We reviewed policies and procedures applicable to the purchase card program, including internal guidelines developed by OLCA. We conducted interviews with staff in the Office of the Chief Financial Officer (OCFO) and OLCA to obtain an understanding of the purchase card program. We evaluated training records for staff participating in the purchase card program. The scope of our review included purchases made during the period July 1, 2003, through June 30, 2004, by Department cardholders located in Washington, DC. As part of the Departmentwide transactions selected, we reviewed three purchases made by one OLCA cardholder, at a total cost of \$1,000. This represents 13.6 percent of the total number and 15.7 percent of the total amount of transactions made by OLCA cardholders during the period. To test controls and evaluate the appropriateness of purchase card use, we reviewed supporting documentation provided by OLCA staff for the purchases selected.

We noted the following issues:

- All three transactions reviewed did not include a receipt, email, or other documentation to support the receipt of services required by Department Directive OCFO 3-104, "Government-wide Commercial Purchase Card Program."
- All three transactions reviewed did not include the Purchase Card Approval Form required by OLCA internal policy.
- On February 23, 2005, OCFO sent to all cardholders and approving officials a detailed list of all unreconciled transactions for the period July 2001 through January 2005. This list included 16 OLCA transactions, the oldest of which was from October 2001. OLCA staff reported that progress had been made in reconciling these transactions.

We suggest that OLCA ensure documentation is maintained to support purchases in accordance with Department policy and OLCA's internal guidelines. In addition, we suggest that OLCA continue to work with OCFO to resolve the unreconciled transactions.

Our limited review would not necessarily disclose all material weaknesses in the administration of the purchase card program in OLCA. Accordingly, this memorandum should not be construed as acceptance or approval of OLCA's practices and procedures related to controls over purchase cards. Since the extent of our review in OLCA was limited to the OLCA transactions included in the Department-wide audit, our results cannot be projected to the universe of OLCA purchases. We may conduct further reviews of this area in OLCA at some future date. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

We wish to express appreciation for the cooperation and assistance extended by your staff during the review. Should you have any questions regarding this review, please contact Nancy Brown, Assistant Director, at (202) 245-6934 or me at (202) 245-6941. No response to this memorandum is required.

cc: Paula Shipp, Executive Officer  
Linda Wilson, Audit Liaison Officer  
Cynthia Bond-Butler, Audit Liaison Officer, OCFO