



Highlights of [GAO-03-405](#), a report to the Chairman, House Committee on Transportation and Infrastructure

Why GAO Did This Study

In May 2002, GAO reported on breakdowns in purchasing controls at the Federal Aviation Administration’s (FAA) Alaskan Region that resulted in improper and wasteful purchases. Many of the weaknesses were associated with the use of government credit cards—referred to as purchase cards—and raised concerns that similar problems might exist FAA-wide. As a result, GAO was asked to determine whether FAA’s purchase card controls reasonably ensured that purchases were proper, at a reasonable cost, and for valid government needs. GAO also assessed whether assets bought with purchase cards were being properly safeguarded and recorded.

What GAO Recommends

GAO is making a number of recommendations to strengthen FAA’s internal controls and compliance in its purchase card program, decrease wasteful purchases, and improve the accountability of assets in order to reduce vulnerability to improper and wasteful purchases.

FAA emphasized its commitment to a sound purchase card program and highlighted a number of completed or ongoing actions to strengthen controls.

www.gao.gov/cgi-bin/getrpt?GAO-03-405.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (202) 512-9508 or calboml@gao.gov.

FAA PURCHASE CARDS

Weak Controls Resulted in Instances of Improper and Wasteful Purchases and Missing Assets

What GAO Found

Weaknesses in FAA’s purchase card controls resulted in instances of improper, wasteful, and questionable purchases, as well as missing and stolen assets. These internal control weaknesses included inadequate segregation of duties, lax supervisory review and approval, missing purchase documentation, inadequate training, and insufficient program monitoring activities, all of which created an environment vulnerable to fraud, waste, and abuse.

These weaknesses contributed to the \$5.4 million of improper purchases GAO identified. Among these were purchases that were split into two or more segments to circumvent single purchase limits. GAO also identified over \$630,000 in purchases that were considered wasteful—that is, excessive in cost, for questionable government needs, or both—or were considered questionable because they were missing a receipt to show what was actually purchased. Some examples of these are shown in the table below.

Examples of Wasteful and Questionable Purchases

Item descriptions	Examples of vendors	Amount
Personal digital assistants and accessories such as keyboards and leather cases	Palm Computing, CompUSA, HPShopping.com, SeikoSmart.com, Staples, Franklin Covey, and Coach	\$66,684
Individual subscriptions to Internet service providers	America Online, CompuServe, and EarthLink	16,894
Store gift cards	Home Depot, Wal-Mart, Safeway, and Kroger	2,284
Retirement and farewell gifts including Waterford crystal, a glass clock, and an engraved statue	Hecht’s Waterford, Macy’s, Things Remembered, TJ Maxx, and Daniels Get Personal	1,203

Source: GAO.

Note: GAO’s analysis of FAA purchase card and convenience check transactions selected for fiscal year 2001.

In addition, over half of the asset purchases—such as computers and other equipment—that GAO examined had not been recorded in FAA’s property system, increasing the risk of loss or theft. As a result, FAA could not locate or document the location of over a third of the 692 items that GAO attempted to observe. These missing items totaled almost \$300,000. In separate internal reviews, one FAA location identified over 800 items, totaling almost \$2 million, that were lost or stolen in fiscal years 2001 through 2002. Given systemic weaknesses in FAA’s property controls, the actual amount of missing or stolen equipment FAA-wide could be much higher.