

**AUDIT
REPORT**

**NASA'S USE OF
SMARTPAY PURCHASE CARDS**

September 25, 2000



National Aeronautics and
Space Administration

OFFICE OF INSPECTOR GENERAL

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Acronyms

APC	Agency Program Coordinator
EAGLS	Electronic Account Government Ledger System
FAR	Federal Acquisition Regulation
GSA	General Services Administration
IMPAC	International Merchant Purchase Authorization Card

W

September 25, 2000

TO: A/Administrator

FROM: W/Inspector General

SUBJECT: INFORMATION: Audit of NASA's Use of SmartPay Purchase Cards
Report Number IG-00-050

The NASA Office of Inspector General has completed an audit of NASA's use of SmartPay purchase cards. Overall, the NASA SmartPay Purchase Card program was effective. Management had implemented appropriate controls over the majority (more than 95 percent) of sampled purchases, and the purchases were efficient and cost-effective. We believe that Center managers must continue their vigilance over purchases, however, because we found a small number of sampled purchases of various items that did not meet the intent of the Federal Acquisition Regulation (FAR) and other Federal guidance. (During the audit, my office also received a Hotline complaint on another five purchases made with a purchase card.) The eight purchases were for personal items, such as food or holiday decorations, or for other questionable purposes prohibited by the FAR and Comptroller General guidance. Consequently, the Agency cannot be assured that the Centers properly used appropriated funds in these cases.

Background

NASA is participating in the SmartPay Purchase Card program in response to Executive Order 12352, "Federal Procurement Reforms," March 17, 1982, which called for reduced administrative costs and burdens for both the Government and the private sector. As of July 28, 2000, NASA has 4,055 account holders participating in the purchase card program. In fiscal year 1999, cardholders completed about 138,000 transactions valued at about \$70.5 million.

The General Services Administration (GSA) administers the SmartPay Purchase Card Program. GSA provides the control framework for the program, including use of the cards and the approval and payment process. GSA policy addresses the purchase limits and management approvals required by the program and other controls designed to minimize inappropriate use of purchase cards.

NASA has implemented controls over the use of SmartPay Purchase Cards. The NASA FAR Supplement, part 1813, "Simplified Acquisition Procedures,"¹ provides guidance for carrying out model procedures for using the card. NASA Centers have implemented additional controls in their local credit card programs. Contracting personnel at each Center are responsible for program administration, which includes development of internal operating procedures. A designated agency program coordinator (APC) at each Center is responsible for overall management of the Center's credit card program. Approving officials for each cardholder serve as key internal control points as they review individual cardholder purchases. Other controls include: single purchase limits, monthly purchase limits, reconciliation of monthly invoices, monitoring and training by APC's, and supervisory review of credit card statements.

Recommendations

We recommended that the Associate Administrator for Procurement expand NASA guidance on the use of purchase cards to include more specific examples of prohibited purchases and approving officials' responsibilities. We also recommended that the Associate Administrator for Procurement expand the required purchase card training to include additional emphasis on approving officials' responsibilities in reviewing purchase card transactions for prohibited purchases and on the use of purchase cards for food and refreshments, including the combination of retirement and awards functions.

Management's Response *****

Management concurred with the finding and recommendations. The Associate Administrator for Procurement plans to amend the NASA FAR Supplement to identify the areas to be addressed in training. Additionally, he plans to require procurement officers to: (1) ensure that training and guidance on the use of the purchase card include specific examples of prohibited purchases and (2) continue to emphasize the importance of the role of the approving official in reviewing purchase card transactions for detecting prohibited purchases in the initial training and all subsequent refresher training and periodic audits.

The George C. Marshall Space Flight Center (Marshall) has already initiated action in recent training sessions for approving officials by placing special emphasis on reviewing purchases to ensure prohibited items are not acquired. In addition, Marshall guidance on the use of purchase cards has been revised to increase controls over the process and to subject personnel who misuse their card to disciplinary action.

¹ The NASA FAR Supplement implements FAR, Part 13, "Simplified Acquisition Procedures," which prescribes simplified procedures for the acquisition of supplies and services, the aggregate amount of which does not exceed the simplified acquisition threshold of \$100,000. The purpose of these procedures is to reduce administrative costs and avoid unnecessary burdens for agencies and contractors.

The actions taken by management are responsive to the recommendations. We consider both recommendations to be resolved for reporting purposes and will continue to monitor them until they have been dispositioned. The actions planned and taken should ensure that NASA as an organization and individual NASA installations effectively use SmartPay Purchase Cards in pursuing the NASA mission.

[Original signed by]

Roberta L. Gross

Enclosure

Final Report on Audit of NASA's Use of SmartPay Purchase Cards

**FINAL REPORT
AUDIT OF NASA'S USE
OF SMARTPAY PURCHASE CARDS**

W

September 25, 2000

TO: H/Associate Administrator for Procurement

FROM: W/Assistant Inspector General for Auditing

SUBJECT: Final Report on NASA's Use of SmartPay Purchase Cards
Assignment Number A0002200
Report Number IG-00-050

The subject final report is provided for your information and use. Please refer to the Results in Brief for the overall audit results. Our evaluation of your responses has been incorporated into the body of the report. Management comments were responsive to the recommended corrective actions. For recommendations 1 and 2, we request that you notify us of the actions taken, including the extent of testing performed to ensure corrective actions are effective. Those recommendations will remain open.

If you have questions concerning the report, please contact Mr. Lorne A. Dear, Program Director, Procurement Audits, at (818) 354-3360, Mr. Tony A. Lawson, Program Manager, at (301) 286-6524, or Mr. Walter K. Curtis, Auditor-in-Charge, at (818) 354-9746. We appreciate the courtesies extended to the audit staff. The final report distribution is in Appendix D.

[Original signed by]

Russell A. Rau

Enclosure

cc:
B/Chief Financial Officer
G/General Counsel
JM/Acting Director, Management Assessment Division

NASA Office of Inspector General

IG-00-050
A0002200

September 25, 2000

NASA's Use of SmartPay Purchase Cards

Introduction

NASA is participating in the SmartPay Purchase Card program in response to Executive Order 12352, "Federal Procurement Reforms," March 17, 1982, which called for reduced administrative costs and burdens for both the Government and the private sector. As of July 28, 2000, NASA has 4,055 account holders participating in the purchase card program. In fiscal year 1999, cardholders completed about 138,000 transactions at a value of approximately \$70.5 million.

The GSA administers the SmartPay Purchase Card Program. The GSA awarded a contract to the Bank of America against which agencies write specific task orders. The NASA task order on this contract was first awarded in November 1998 and currently extends through November 2000, with eight 1-year options. The GSA also provides the control framework for the program, including use of the cards and the approval and payment process. The GSA policy addresses the purchase limits and management approvals required by the program and other controls designed to minimize inappropriate use of purchase cards.

NASA has implemented controls over the use of SmartPay Purchase Cards. The NASA FAR Supplement, part 1813, "Simplified Acquisition Procedures," provides guidance for carrying out model procedures for using the card. NASA Centers have implemented additional controls in their local credit card programs. Contracting personnel at each Center are responsible for program administration, which includes development of internal operating procedures. A designated APC at each Center is responsible for overall management of the Center's credit card program. Approving officials for each cardholder serve as key internal control points as they review individual cardholder purchases. Other controls include: single purchase limits, monthly purchase limits, reconciliation of monthly invoices, monitoring and training by APC's, and supervisory review of credit card statements.

The overall audit objective was to evaluate the effectiveness of NASA's credit card program. Details on the audit objective, scope, and methodology are in Appendix A.

Results in Brief

Overall, the NASA SmartPay Purchase Card program was effective. Management had implemented appropriate controls over the majority (more than 95 percent) of sampled purchases, and the purchases were efficient and cost-effective. Center managers must remain vigilant over purchases, however, because we found 8 of 234 sampled purchases of various items that did not meet the intent of the FAR and other Federal guidance. With such purchases, the proper use of appropriated funds is not assured.

Background

Federal Acquisition Regulation. FAR Part 1.104 states that the FAR applies to all acquisitions as defined in Part 2 of the FAR, except where expressly excluded.² FAR, Part 13.003, states that “agencies shall use the Governmentwide commercial purchase card and electronic purchasing techniques to the maximum extent practicable in conducting simplified acquisitions.”³ Part 13.201 states that the Governmentwide commercial purchase card shall be the preferred method to purchase and to pay for micropurchases (that is, purchases less than \$2,500). Part 13.301 states that the Governmentwide commercial purchase card is authorized for use in making and/or paying for the purchase of supplies, services, or construction. The card may be used only for purchases that are otherwise authorized by law or regulation.

Comptroller General of the United States. In Ruling B-270199 dated August 6, 1996, the Comptroller General of the United States stated that, “in general, appropriated funds are not available to provide food to government employees at their official duty stations, unless specific authority exists.” Two exceptions to this ruling allow food to be provided for selected training sessions and meetings. Food may be provided at Government expense to employees attending an authorized training program when the provision of that food is necessary to achieve the objectives of the training program or for the employees to obtain the full benefit of the training. According to the Comptroller General’s ruling:

A threshold test for providing food for employees at meetings and conferences is whether the food in question was provided at a formal conference or meeting involving topical matters of general interest to governmental and nongovernmental participants, rather than at a routine business meeting primarily involving day-to-day agency operations and concerns.

Office of Federal Procurement Policy. The Administrator of the Office of Federal Procurement Policy recommended, in a March 14, 1997 memorandum, that agency

² FAR Part 2.101 defines “acquisition” as acquiring supplies or services (including construction) by and for the use of the Federal Government by contract with appropriated funds.

³ Simplified acquisitions are the acquisitions of supplies and services, including construction, research and development, and commercial items that do not exceed the simplified acquisition threshold of \$100,000.

procurement executives provide the option of using the purchase card and other electronic payment methods appropriate for orders over the micropurchase threshold. He also asked that the procurement executives work within their respective agencies to make program personnel with access to purchase cards aware of the significant price savings and time savings available by buying products through electronic catalogs rather than retail outlets.

General Services Administration. GSA provides management guidance to NASA and other agencies participating in the SmartPay Purchase Card program. The guidance addresses management controls over the card program including use of the cards and the approval and payment process. The guidance also provides information on the savings available by using the purchase card to effect more efficient procurement practices. A March 1999 report by the Office of Intergovernmental Solutions, a part of the Office of Government Policy within GSA, summarizes the required management controls in the purchase card program.

Controls over Use of Purchase Cards

Finding. Of 234 sampled purchases that we reviewed, 8 were for personal items, such as food or Christmas decorations, or for other questionable purposes that are prohibited by the FAR, the NASA FAR Supplement, and the Comptroller General's guidance. The purchases occurred because local guidelines did not specifically prohibit such items, local managers did not adequately review planned or actual uses of the purchase cards, and training may not have adequately addressed managers' review and approval responsibilities. As a result, the Agency cannot be assured that the Centers properly used appropriated funds in these cases.

NASA Guidance

NASA FAR Supplement, Part 1813.301, provides the following guidance regarding the use of the Governmentwide commercial purchase card:

The procurement officer shall designate individual cardholders in accordance with Center procedures, subject to the following limitations:

- (i) Personnel other than contracting officers may be designated as cardholders for micro-purchases and for individual orders under [blanket purchase agreements]⁴ up to \$5,000, provided they complete training adequate to ensure appropriate use of the purchase card.
- (ii) The procurement officer's designation shall be in writing and shall specify the scope of the cardholder's authority.
- (iii) The Center shall establish and maintain administrative procedures and management controls required by the GSA. Purchases made with the Governmentwide commercial purchase card shall comply with the instructions and procedures issued by GSA as well as applicable parts of the FAR and NASA FAR Supplement.

⁴ The FAR, Part 13.303-1, defines a blanket purchase agreement as a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply.

This section further states that the approving official for purchases made by the purchase card is the individual who reviews and approves a cardholder's monthly statement of purchases. The approving official shall be the cardholder's immediate or higher level supervisor; in no case shall cardholders approve their own statement of purchases. Unless Center procedures otherwise provide for their designation, the procurement officer shall designate approving officials.

As stated earlier, individual cardholders must receive adequate training to ensure appropriate use of the purchase cards. Although the Office of Procurement makes training materials available through its Internet library, each Center is responsible for developing a training program. The NASA APC stated that NASA does not have a standard Agency-wide training program on purchase cards use.

Use of Purchase Cards

Generally, cardholders are following NASA guidance and are making efficient use of the SmartPay Purchase Cards. However, we found cases in which cardholders did not comply with the NASA FAR Supplement and/or the Center guidance or made otherwise questionable purchases, as illustrated below:

- One purchase of 150 mouse pads totaling \$1,035. The invoice shows that the vendor had been requested to deliver the mouse pads to a house located in a residential neighborhood off the Center. The local approving official did not adequately review the documentation associated with this purchase.
- Three purchases of Christmas decorations totaling \$548. The cardholder believed these were permissible purchases because they were not specifically prohibited by local guidance.
- Two purchases of flowers totaling \$362 for a Christmas party and retirement reception. The cardholder believed these were permissible purchases because they were for an office function and were not specifically prohibited by local guidance.
- One purchase of "moon pies" (a snack item) totaling \$115 for participants in a "fun run" during a Center's safety and total health day. In requesting and approving this transaction, local management believed this purchase of food was permissible because the activity was associated with a training-type activity. This expenditure does not meet the Comptroller General's allowable exceptions cited in Ruling B-270199 for either training sessions or formal meetings and conferences.
- One purchase of a registration package totaling \$5,000 for a political organization's annual convention. Although the approving official believed this transaction was permitted as part of NASA's community outreach efforts, the official may not have adequately evaluated the specific, potentially political, purposes of the organization to which the payment was made. Our discussion with management and the supporting documentation did not identify evidence of a legal review of this transaction.

Control Weaknesses. Our review of these transactions identified two primary reasons for the questionable purchases:

- First, Center approving officials did not adequately review and/or question the proposed or actual transactions that did not comply with existing NASA and local guidance. Had the approving officials conducted an adequate review of the transaction documentation and criteria, the officials would have identified the inappropriateness of purchases such as Christmas decorations.
- Second, although APC's at each Center train cardholders and approving officials before issuing purchase cards, the individuals we interviewed were not sufficiently knowledgeable about appropriate and inappropriate uses of the purchase cards. This pertains especially to the purchase of food items, which are permissible for certain functions and not permissible for others. Some Centers clearly prohibited all food purchases, while other Centers provided guidance on the use of purchase cards for food. Further, cardholders and/or managers may be combining functions such as awards ceremonies with retirement celebrations in an effort to justify the purchase of food for the retirement functions. For example, at one Center a cardholder purchased a cake that included an inscription congratulating awardees and offering best wishes to a retiree. The cardholder and the approving official relied on generic guidance provided by the Center's counsel to justify the purchase of the cake under local guidelines because it was in conjunction with an awards ceremony. The Comptroller General has stated that, generally, retirement functions are not to be considered award ceremonies and, therefore, the Agency should not use appropriated funds to purchase refreshments for retirement functions. Our concern is that without clarifying guidance cardholders may expand the purchase of food for combined functions.

Effect of Inappropriate Purchases. As a result of the questionable purchases, the Agency cannot be assured that the Centers properly used appropriated funds. While NASA has done a good job overall in ensuring that SmartPay Purchase Cards are used as intended, vigilance is essential to maintain a low rate of questionable transactions in the future.

Recommendations, Management's Response, and Evaluation of Response

The NASA Associate Administrator for Procurement should:

- 1. Expand NASA guidance on the use of purchase cards to include more specific examples of prohibited purchases and approving officials' responsibilities.**
- 2. Expand the NASA FAR Supplement required training on the use of a purchase card to include additional emphasis on:**

- **approving officials' responsibilities in reviewing purchase card transactions for prohibited transactions, and**
- **the use of purchase cards for food and refreshments, including the combination of retirement and awards functions.**

Management's Response. Concur. Regarding both recommendations, NASA management stated the Associate Administrator for Procurement plans to amend the NASA FAR Supplement to identify the areas to be addressed in training and to require Procurement Officers to:

- ensure that training and guidance on the use of the purchase card include specific examples of prohibited purchases and
- continue to emphasize the importance of the role of the approving official in reviewing purchase card transactions for detecting prohibited purchases in the initial training and all subsequent refresher training and periodic audits.

The complete text of management's comments is in Appendix C.

Evaluation of Management's Response. The actions planned by management are responsive to both recommendations. We consider Recommendations 1 and 2 resolved but undispositioned and open until the agreed-to actions are completed.

Appendix A. Objectives, Scope, and Methodology

Objectives

The overall audit objective was to evaluate the effectiveness of NASA's credit card program. The specific objectives were to determine whether:

- NASA has implemented the appropriate controls over the use of SmartPay Purchase Cards and
- SmartPay Purchase Cards are being used efficiently and cost-effectively.

Scope and Methodology

Our review of purchase card transactions covered the period October 1999 through January 2000, with expanded coverage, when necessary, to analyze potential problems. To establish the audit universe, we contacted the Bank of America and received on-line access to selected segments of the Bank's Electronic Account Government Ledger System (EAGLS). EAGLS is the Bank's database containing all transactions related to SmartPay Purchase Cards.

From the EAGLS database, we determined the universe of purchase card activity for the period of our review. We analyzed the universe for purchasing patterns⁵ or categories⁶ that might be questionable. From this analysis, we randomly selected transactions for detailed review during the initial phase of the work at NASA Headquarters (Headquarters), John H. Glenn Research Center at Lewis Field (Glenn), Goddard Space Flight Center (Goddard), John F. Kennedy Space Center (Kennedy), and Marshall. Because of issues developed during the initial field work, we expanded the scope to include work at Lyndon B. Johnson Space Center (Johnson) and Langley Research Center (Langley). The extent of work at each location is summarized in the following table.

⁵ Examples of questionable purchasing patterns include weekend and holiday purchases, multiple purchases from the same vendor on the same day, and purchases from vendors not located within a reasonable proximity to the cardholder.

⁶ Examples of questionable categories include flower shops, political organizations, grocery stores, toy stores, and department stores.

Appendix A

Overview of Purchase Card Transactions

Location	Total Charges During Sample Period	Total Transactions During Sample Period	Total Sampled Transactions ¹	Questionable Transactions ²
<u>Initial Sample</u>				
NASA Headquarters	\$ 737,560	1,094	14	1
Glenn	477,898	1,329	18	0
Goddard	490,618	1,057	20	0
Kennedy	287,988	261	30	0
Marshall	387,786	647	30	6 ^{3,4}
Subtotals	\$ 2,381,850	4,388	112	7
<u>Expanded Sample</u>				
Johnson	\$ 623,210	1,304	72	1
Langley	1,865,513	4,840	50	0
Subtotals	\$ 2,488,723	6,144	122	1
Totals	\$ 4,870,573	10,532	234	8

¹ The total value of the sampled transactions was \$148,368.

² The total value of the questioned transactions was \$7,060.

³ During the audit, the NASA Office of Inspector General received a Hotline complaint regarding the possible misuse of the NASA SmartPay Purchase Card for five purchases of office furniture and furnishings totaling \$3,638 at Marshall. The five purchases are not included in the six questionable transactions.

⁴ One cardholder made all six questionable purchases. A Marshall management review determined that the cardholder was misusing the purchase card, and management cancelled the individual's card.

During both the initial and expanded samples, we supplemented the random selections with judgmentally selected transactions when we determined a need to review particular transactions. The selected transactions were representative of the NASA-wide SmartPay Purchase Card program current at the time of the audit. We made no projections based on our sample results.

We relied on computer-generated reports from the EAGLS to assess the accuracy and reliability of recorded purchase card transactions. We did not evaluate the applicable general and administrative controls for the EAGLS to determine the reliability of its computer-generated data because it was outside the scope of this audit.

Management Controls Reviewed

We reviewed management controls related to procurements using the SmartPay Purchase Cards as described in the FAR Part 13, NASA FAR Supplement Part 1813, GSA guidance, and the credit card guidance from the NASA Centers selected for audit. Cardholders' records were specifically reviewed to evaluate the following controls:

- purchases appeared reasonable in terms of types of goods and services acquired,
- cardholders were observing the single purchase limit,⁷
- and approving officials were certifying the purchases in accordance with Center guidance.

Audit Field Work

We conducted our field work at Headquarters, Goddard, Glenn, Johnson, Kennedy, Langley, and Marshall from January through August 2000. We performed the audit in accordance with generally accepted Government auditing standards.

⁷ The single purchase limit is generally \$2,500 for cardholders whose job classifications are not GS-1102, contracting series, or GS-1105, purchasing series, and do not have contracting warrants. For cardholders having GS-1102 and GS-1105 classifications, the single purchase limit may be as much as \$100,000, although it is usually in the range of \$10,000 to \$25,000.

Appendix B. Summary of Prior Coverage

The NASA Office of Inspector General has issued reports relating to the use of purchase cards. The reports are summarized below. (Copies of the reports are available at www.hq.nasa.gov/office/oig/hq/issueaudits.html.)

“NASA's International Merchant Purchase Authorization Card Program,” Report Number IG-98-011, May 4, 1998. Purchase controls were weak at the 10 locations audited. Specifically, program coordinators did not conduct periodic reviews of purchases, maintain adequate records, or use available reports to monitor the program or establish adequate training guidelines. These weaknesses contributed to \$467,000 of sampled credit card transactions involving improper purchases from August through October 1996. Also, credit card payments at seven locations were made without the required certifications and/or verification of authenticity. As a result, there was no assurance that (1) monthly statements were accurate, (2) payments made for goods and services were actually received, and (3) the approving officials were authorized to certify the statements. Management concurred with our recommendation that the NASA Program Coordinator define specific duties and responsibilities of the Program Coordinators at each Center. Management also concurred with our recommendation that the Associate Administrator for Procurement work with financial management personnel and establish internal control procedures to ensure the authenticity of certifications.

“Use of Credit Card by Someone Other Than the Cardholder,” Report Number IG-98-003, December 5, 1997. During our review of the NASA International Merchant Purchase Authorization Card (IMPAC) program, we found 16 cases at 4 NASA locations where 11 cardholders allowed other employees and contractor personnel to use their IMPAC card or account number for purchases of supplies. Credit card procedures prohibit the cardholder to allow anyone else to use his/her card or account number. NASA management agreed that action was required and proposed to remind and emphasize in training the prohibition against allowing anyone else to use the card.

“Credit Card Split Purchases,” Report Number M-IG-97-014, September 11, 1997. This report addresses split purchases that were structured in that manner to allow the cardholder to acquire a large quantity of goods or services and yet remain within the limit for single purchases. The limit for nonprocurement personnel is generally \$2,500 for a single purchase, and for procurement officers is either \$10,000 or \$25,000 per single purchase. We found violations in both categories of employees. NASA management agreed with our suggestion to take appropriate action to improve the cardholders' and approving officials' compliance with the intent of the credit card program and to minimize future occurrences of split purchases.

“NASA Procurement Initiatives--Credit Card Program,” Report Number IG-97-007, November 22, 1996. One directorate at Kennedy used NASA credit cards to purchase 80

computer systems over a 3-month period. The 80 systems totaled \$167,925, but were processed as individual procurements of under \$2,500 each in order to use the

Appendix B

credit card. The splitting of purchases in this manner is expressly forbidden by the FAR, NASA FAR Supplement, and the Kennedy "Credit Card Users Guide." NASA management concurred with our recommendation that the Associate Administrator for Procurement issue a letter to Kennedy clarifying the definition of single purchases and reemphasizing that requirements are not to be split. The Associate Administrator for Procurement also stated that a second letter would be sent to the other Associate Administrators and other Center Directors requiring that the same emphasis be added to the training for all new cardholders and approving officials.

Appendix C. Management's Response

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001



Reply to Airmail

HK

SEP 19 2000

TO: W/Assistant Inspector General for Auditing

FROM: HK/Director, Contract Management Division

SUBJECT: Code H Response to OIG Draft Audit Report on NASA's Use of SmartPay
Purchase Cards, Assignment Number A0002200

Enclosed is our response to the subject report dated August 30, 2000. We appreciate the cooperative effort of the IG Office in review of NASA's use of the purchase card and recommend that another review be conducted in the next two to three years.

Please call Celeste Dalton at 202-358-1645 or Jack Horvath at 202-358-0456 if you have any question or need further coordination on this matter.

A handwritten signature in black ink, appearing to read "R. Scott Thompson".

R. Scott Thompson

Enclosure

HEADQUARTERS OFFICE OF PROCUREMENT
RESPONSE TO
OFFICE OF INSPECTOR GENERAL (OIG)
DRAFT REPORT ASSIGNMENT NUMBER A0002200
DATED AUGUST 30, 2000
NASA'S USE OF SMARTPAY PURCHASE CARDS

DATE: SEP. 19 2000

ENCLOSURE

Appendix C

Code H Response to OIG
8/30/00 Draft Report,
A0002200
Page 2

Code H's narrative response is provided as follows:

OIG Recommendation 1:

The Associate Administrator for Procurement should expand NASA guidance on the use of purchase cards to include more specific examples of prohibited purchases and approving officials' responsibilities.

Code H Response to Recommendation 1: Concur

NASA Code H concurs with this recommendation, and plans to:

- Amend the NASA FAR Supplement to identify the areas to be addressed in training.
- Require Procurement Officers to –
 - ensure that training and guidance on the use of the purchase card includes specific examples of prohibited purchases; and
 - continue to emphasize the importance of the role of the approving official in reviewing purchase card transactions for detecting prohibited purchases in the initial training and all subsequent refresher training and periodic audits.

OIG Recommendation 2:

The Associate Administrator for Procurement should expand the NASA FAR Supplement required training on the use of a purchase card to include additional emphasis on:

- approving officials' responsibilities in reviewing purchase card transactions for prohibited transactions, and
- the use of purchase cards for food and refreshments, including the combination of retirement and awards functions.

Code H Response to Recommendation 2: Concur

NASA Code H concurs with this recommendation. The response to recommendation 1 also applies to recommendation 2.

MSFC has already initiated action in recent training sessions for approving officials by placing special emphasis on reviewing purchases to ensure prohibited items are not acquired. In addition, the Marshall Work Instruction (MWI) pertaining to the use of purchase cards has been revised to require cardholders to obtain verbal consent from their approving official prior to making purchases. This MWI was also changed to state that personnel who misuse their credit card are subject to disciplinary action.

CORRECTIVE ACTION OFFICIAL:

Code HK/C. Dalton

CORRECTIVE ACTION CLOSURE OFFICIAL:

Code HK/S. Thompson

PROJECTED CORRECTIVE ACTION CLOSURE DATE:

November 30, 2000

Appendix D. Report Distribution

National Aeronautics and Space Administration (NASA) Headquarters

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B/Comptroller
BF/Director, Financial Management Division
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M/Associate Administrator for Space Flight

NASA Centers

Director, John H. Glenn Research Center at Lewis Field
Director, Goddard Space Flight Center
Director, Lyndon B. Johnson Space Center
Director, John F. Kennedy Space Center
Director, Langley Research Center
Director, George C. Marshall Space Flight Center
Chief Counsel, John F. Kennedy Space Center

Non-NASA Federal Organizations and Individuals

Assistant to the President for Science and Technology Policy
Deputy Associate Director, Energy and Science Division, Office of Management and Budget
Branch Chief, Science and Space Programs Branch, Energy and Science Division, Office of Management and Budget
Associate Director, National Security and International Affairs Division, Defense Acquisitions Issues, General Accounting Office
Professional Assistant, Senate Subcommittee on Science, Technology, and Space

Appendix D

Chairman and Ranking Minority Member – Congressional Committees and Subcommittees

Senate Committee on Appropriations

Senate Subcommittee on VA, HUD, and Independent Agencies

Senate Committee on Commerce, Science, and Transportation

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Report Title: NASA's Use of Smart Pay Purchase Cards

Report Number: _____ Report Date: _____

Circle the appropriate rating for the following statements:

	Strongly Agree	Agree	Neutra l	Disagre e	Strongl y Disagre e	N/A
1. The report was clear, readable, and logically organized.	5	4	3	2	1	N/A
2. The report was concise and to the point.	5	4	3	2	1	N/A
3. We effectively communicated the audit objectives, scope, and methodology.	5	4	3	2	1	N/A
4. The report contained sufficient information to support the finding(s) in a balanced and objective manner.	5	4	3	2	1	N/A

Overall, how would you rate the report?

Excellent	Fair
Very Good	Poor
Good	

If you have any additional comments or wish to elaborate on any of the above responses, please write them here. Use additional paper if necessary. _____

How did you use the report? _____

How could we improve our report? _____

How would you identify yourself? (Select one)

- | | |
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May we contact you about your comments?

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Thank you for your cooperation in completing this survey.

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