



United States
CONSUMER PRODUCT SAFETY COMMISSION
Washington, DC 20207

OFFICE OF THE INSPECTOR GENERAL

Audit Report

EVALUATION OF INTERNAL CONTROL PROCEDURES
GOVERNMENT PURCHASE CARDS

Date Issued: September 23, 2002



**United States
Consumer Product Safety Commission
Washington, DC 20207**

Memorandum

Date: September 25, 2002

TO : Harold D. Stratton
Chairman

FROM : Mary B. Wyles
Inspector General

SUBJECT : Evaluation of Internal Control Procedures - Government Purchase
Cards

A copy of the audit report, *Evaluation of Internal Control Procedures - Government Purchase Cards*, is attached for your review. On completion of your review, copies will be distributed to the individuals listed in appendix B of the report.

Office of the Inspector General
U. S. Consumer Product Safety Commission
Bethesda, MD 20207

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EXECUTIVE SUMMARY

Background. Pursuant to Subpart 13.301 of the Federal Acquisition Regulation, the Governmentwide commercial purchase card is authorized for use in making and/or paying for purchases of supplies, services, or construction. The card may be used by contracting officers and other individuals designated in accordance with 1.603-3 of the FAR. Subpart 1.603-3, *Appointment*, encourages agency heads to delegate micro-purchase authority to individuals who are employees of the agency who will be using the supplies or services being purchased. Agencies using the Governmentwide commercial purchase card shall establish procedures for use and control of the card.

CPSC's policies and procedures on the use of the Governmentwide Commercial Purchase Card Program are established in CPSC's Order 1540.1, *Government-wide Commercial Purchase Card Program and CPSC's Government-wide Commercial Purchase Card Handbook*. Pursuant to Order 1540.1, it is the policy of CPSC to utilize the Government-wide commercial purchase card whenever practical, particularly for micropurchases of \$2,500 or less.

Objective. The objective of this audit was to determine the adequacy of CPSC's internal control procedures applicable to the use and control of government purchase cards.

Results and Conclusion. The audit found most internal control procedures to be adequate; although, some were not followed. In order to ensure compliance with the Federal Acquisition Regulation and Treasury Financial Manual, the program manager should: (i) ensure that all cardholders are trained; (ii) maintain a current list of cardholders and approving officials; (iii) conduct annual oversight reviews of the purchase card program; (iv) delegate procurement authority in writing; (v) caution cardholders against splitting purchase requirements in order to stay within the \$2,500 purchase limit; and (vi) close inactive cardholder accounts.

The AED for Administration concurred with the recommendations presented on page 10 of this report. Implementation of the recommendations should result in more effective control over purchase cards.

**Office of the Inspector General
U.S. Consumer Product Safety Commission
Bethesda, MD 20207**

BACKGROUND

Internal Controls. Pursuant to OMB Circular A-123, *Management Accountability and Control*, management controls are the organization, policies, and procedures used by agencies to reasonably ensure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud, and mismanagement; (iv) laws and regulations are followed; and (v) reliable and timely information is obtained, maintained, reported and used for decision making. A subset of management controls are the internal controls used to assure that there is prevention and timely detection of unauthorized acquisition, use, or disposition of the entity's assets. *Standards for Internal Control in the Federal Government*, published by the General Accounting Office states that internal control serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.

Federal Acquisition Regulation. Part 13 of the Federal Acquisition Regulation (FAR) addresses Simplified Acquisition Procedures. Subpart 13.2, *Actions at or Below the Micro-Purchase Threshold*, the Government-wide commercial purchase card shall be the preferred method to purchase and pay for micro-purchases. Micro-purchase is defined as an acquisition of supplies or services (except construction), the aggregate amount of which does not exceed \$2,500. Construction is limited to \$2,000. Subpart 13.3, *Simplified Acquisition Methods*, 13.301, *Governmentwide Commercial Purchase Card*, the Governmentwide commercial purchase card is authorized for use in making and/or paying for purchases of supplies, services, or construction. The card may be used by contracting officers and other individuals designated in accordance with 1.603-3 of the FAR. Subpart 1.603-3, *Appointment*, encourages agency heads to delegate micro-purchase authority to individuals who are employees of the agency who will be using the supplies or services being purchased. Agencies using the Governmentwide commercial purchase card shall establish procedures for use and control of the card.

Treasury Financial Manual. Treasury Financial Manual (TFM), Volume 1, Part 4, Chapter 4500, prescribes procedures that apply to all departments and agencies that use the Government purchase card. These procedures apply to program controls and invoice payment. Pursuant to TFM, section 4525, each agency will develop its own internal procedures for using the purchase card. Some processing and internal controls that must be in place prior to using the Government purchase cards follows:

- Designate an office (usually the procurement office) to manage the program. Management of the program includes assurance that training is provided, maintenance of a current list of cardholders and approving officials, and an annual oversight review of the program.
- Write a delegation of authority for each cardholder.

- Establish approved uses and limitations on the types of purchases and the dollar amounts.
- Establish procedures for timely submission of cardholder statements to the agency designated billing office.
- Establish procedures for maintaining security of the cards.
- Establish procedures for handling disputes and returned, refused, damaged, or unacceptable items and partial deliveries.
- Establish card renewal procedures.

SmartPay Program. The General Services Administration (GSA) awarded contracts to five service providers for purchase card services on a government-wide basis. The purchase card provides Federal agencies a way to pay for commercial goods and services, as well as, travel and fleet related expenses. Agencies participating in this service, referred to as SmartPay, must select one of the contractors and issue task orders against the master contract. The SmartPay program streamlines the purchase process by (i) eliminating the issuance of purchase orders and receipt of invoices; (ii) reducing administrative costs and improves cash management by eliminating the need for imprest funds; (iii) consolidating purchases from many suppliers into a single invoice; and (iv) using electronic shopping catalogs.

CPSC issued a task order against the Master Contract, GSA SmartPay Program. The Bank of America, N.A. was selected as the service provider. The task order is "for stand alone travel, purchase, and fleet cards with potential integration . . . eventually leading to one card."

One hundred eighty-six CPSC's employees had purchase cards during Fiscal Year 2001. One hundred and seventy-four cardholders had purchase cards at the end of Fiscal Year 2001 (September 30, 2001). Most (120) of the 174 cardholders were telecommuters located in the field.

CPSC's Controls. CPSC's policies and procedures for the use of the Governmentwide Commercial Purchase Card Program are established in CPSC's Order 1540.1, *Government-wide Commercial Purchase Card Program* (Order 1540.1). Pursuant to Order 1540.1, it is the policy of CPSC to utilize the Government-wide commercial purchase card whenever practical, particularly for micro-purchases of \$2,500 or less. Cardholders should use the card for official purchases, if the vendor accepts it, rather than use purchase orders, blanket purchase agreements or imprest fund. Cards cannot be used to purchase personal items or for any of the following: tickets, lodging, meals or other expenses pertaining to travel (except as authorized under unusual circumstances) rental of vehicles, cash advances, telecommunications, or purchase of supplies from non-mandatory sources if they are available from mandatory sources. The Order outlines training requirements, procedures for requesting and approving cards, use of cards, spending controls, and responsibilities. Order 1540.1 is supplemented by CPSC's *Government-wide Commercial Purchase Card Handbook* (The Handbook). The Handbook contains general procedures for cardholders and approving officials.

OBJECTIVE

The objective of the evaluation was to determine the adequacy of internal control procedures applicable to the use and control of government purchase cards.

SCOPE AND METHODOLOGY

The audit was conducted during the months January through March and May 2002, in accordance with Government Auditing Standards, and included test of internal controls as considered necessary. Laws, regulations, policies, and procedures governing the commercial purchase card program were reviewed. Discussions were held with the Associate Executive Director, Directorate for Administration (EXAD), the Director, Division of Financial Services (ADFS), the Director, Division of Procurement Services (ADPS), various cardholders and approving officials who provided information and documents applicable to the audit.

Individual and consolidated cardholder statements of account and purchase logs applicable to purchases during Fiscal Year 2001 were reviewed. A detailed review of the purchases made by cardholders is currently being performed as part of the field inspection.

FINDINGS

Summary. The audit found most internal control procedures to be adequate; although, some were not followed. In order to ensure compliance with the Federal Acquisition Regulation and Treasury Financial Manual, the program manager should: (i) ensure that all cardholders are trained; (ii) maintain a current list of cardholders and approving officials; (iii) conduct annual oversight reviews of the purchase card program; (iv) delegate procurement authority in writing; (v) caution cardholders against splitting purchase requirements in order to stay within the \$2,500 purchase limit; and (vi) close inactive cardholder accounts.

Program Manager. TFM requires each agency to designate an office (usually the procurement office) to manage the program. Management of the program includes assurance that training is provided, maintenance of a current list of cardholders and approving officials, and an annual oversight review of the program.

Designated Office. OMB Circular A-123, *Separation of Duties and Supervision*, states, "Key duties and responsibilities in authorizing, processing, recording, and reviewing official agency transactions should be separated among individuals." *Delegation of Authority and Organization*, states, "Managers should ensure that appropriate authority, responsibility and accountability are defined to accomplish the mission of the organization, and that appropriate organization structure is established to effectively carry out program responsibilities."

CPSC's Purchase Card Program was being managed by the Division of Financial Services. According to Order 1540.1, Section 13, ADFS will: (1) process all requests for new cards; (2) notify the BankCard Center of all cancelled cards and changes; (3) forward "Statements of

Questioned Items" to the BankCard Center; (4) resolve disputes; (5) certify payments based on the cardholder's approving officials' signatures; and (6) process payments on time to the BankCard Center in accordance with the Prompt Payment Act. Order 1540.1 does not address the overall program responsibility.

Order 1540.1, Section 9, Procedures for Requesting and Approving Cards, requires ADFS to send requests for purchase cards to the AED for Administration for approval. After requests are approved, they should be sent to the BankCard Center which issues the cards. This procedure was not being followed. Requests for purchase cards were not approved by the AED for Administration. In effect, ADFS approved requests received from recommending officials (**authorizing**). ADFS then submitted the required documents to the BankCard (**processing**); and paid invoices (**recording and reviewing**). To ensure compliance with OMB Circular A-123, these responsibilities should be separated. The AED for Administration should personally authorize the use of purchase cards or delegate the authority to do so to the Director ADPS. ADPS would be designated day-to-day management of the program; thereby, separating various program functions. This would be consistent with GSA's Blueprint for Success, which is established to help ensure the integrity of the process. The blueprint separates the authorizing official "Agency/Organization Program Coordinator" (A/OPC) from the payment official "Designated Billing Office" (DBO). The blueprint outlines the responsibilities of the A/OPC, DBO, as well as, the cardholder, approving official, transaction dispute office, purchase card contractor, and merchant.

Training. TFM, Section 4535.20, requires that a training program on the Government-wide credit card procedures and small purchase regulations be established by each participating agency. Cardholders, approving officials, and other employees, such as those in the designated billing office, who are involved in the program must attend.

Pursuant to Order 1540.1, Section 8, ADFS and ADPS "will train and provide documentation on responsibilities for use of purchase cards. The review found that training was not being provided. Cardholders are provided a copy of the Handbook for reference.

Cardholders and Approving Officials. TFM, Section 4520 defines approving official as an individual who reviews cardholders' statements. The approving official is responsible for authorizing purchases, insuring that statements are reconciled and submitting statements to the designated billing office in a timely manner. A cardholder is a government employee to whom a government purchase card is issued.

Order 1540.1 requires Assistant and Associate Executive Directors (AEDs), Office Directors and Regional Directors to submit the names of cardholders and approving officials to ADFS for processing. A list of individuals with purchase cards was provided by ADFS. According to the list there were 174 purchase cardholders at September 30, 2001. ADFS did not have a list of all approving officials.

Review Procedures. The TFM requires that annual oversight reviews be performed by the program manager. The *Blueprint for Success: Purchase Card Oversight*, published by GSA provides a guide for A/OPCs

to perform annual reviews of purchase card activities. The purpose of the review is to ensure that cardholders and approving officials are complying with established procurement management practices, operating procedures and established purchase controls. The guide provides an overview of the annual review process, introduces sample forms to be used in the review, and explains the steps involved in conducting the review.

Pursuant to Order 1540.1, Section 14, *Review and Audit*, all purchases are subject to review and audit for compliance with procurement and financial management regulations. Any purchases found to be improper may result in the cardholder and/or approving official being liable and may result in cancellation of the card. The order does not specify the frequency of such reviews or who should perform them. A review had not been performed of the purchase card program.

CPSC should revise its review procedures to be consistent with TFM which requires an annual review by the program manager and include an assessment of the following:

- Compliance with CPSC policies.
- Applicable training requirements.
- Appropriate delegation of authority.
- Integrity of purchase process.
- Compliance with procurement regulations.
- Receipt and acceptance of procedures.
- Record retention.

Delegation of Authority. TFM requires agencies to write a delegation of authority for each cardholder. TFM, 4520 defines delegation of authority as, "A written delegation issued by responsible agency personnel that establishes authorized cardholder(s), specifying spending and usage limitation unique to that cardholder.

Pursuant to Order 1540.1, ADFS will send the request [for purchase card to be issued] to the AED for Administration for approval and signature, notify the Contracting Officer of the new cardholder so that a Letter of Delegation can be prepared, and send approved requests to the BankCard Center which issues the cards. The Contracting Officer determines that the appropriate procurement training has been received, and then issues the delegation letter to the cardholder.

The audit found that letters of delegation were not issued to cardholders. Only one of the 32 cardholders interviewed had been issued a written delegation of authority. The delegation was signed by the prior Director, Division of Procurement Services on September 1997.

Use and Limitation. TFM requires agencies to establish approved uses and limitations on the types of purchases and the dollar amounts.

Government purchase cards should be used only for authorized purposes. Intentional use of the purchase card for other than official government business constitutes misuse, and depending on the facts, may involve fraud. The employing agency of an employee who misuses the card or who participates in fraud may cancel the purchase card and take disciplinary action against the employee, as appropriate. In the case

of misuse, the employee will be held personally liable to the government for the amount of any unauthorized transactions.

Policies and Procedures. Order 1540.1 and the Handbook establishes policy and procedures for the use of the purchase card. The card should be used for official purchases if the vendor accepts it. The card cannot be used to purchase personal items or for any of the following: tickets, lodging, meals or other expenses pertaining to travel (except as authorized under unusual circumstances); rental of vehicles; cash advances; telecommunications; or purchase of supplies from non-mandatory sources if they are available from mandatory sources. The maximum amount to be spent by a cardholder for a single purchase is \$2,500. A single purchase may be comprised of multiple items, but the total cannot exceed the single purchase dollar limit. The purchase of a single item may not be segmented into several purchases to avoid competition requirements for procurements over \$2,500.

CPSC's policy and procedures on the use and limitation of purchase cards are consistent with policy and procedures established by the FAR for micropurchases. On approval of a request for a purchase card, ADFS sends an e-mail to cardholders stating that they have been issued a purchase card with a single purchase limit of \$2,500 and a monthly limit of \$10,000. Attached to the e-mail are copies of Order 1540.1 and the Handbook, which outlines the use of the card.

Purchases. Cardholders' accounts were examined to determine if: (i) the \$2,500 purchase limit was exceeded or repeatedly close to the purchase limit and (ii) purchases were split to avoid the \$2,500 threshold. A review of Fiscal Year 2001 Consolidated Statement of Accounts maintained by ADFS and Individual Cardholder Statements revealed the following:

Purchases Exceeding the \$2,500 Limit

None of the 32 cardholders exceeded the \$2,500 single purchase or \$10,000 monthly limitation.

Purchases close to the \$2,500 Limit

Fifteen of the 4,042 individual purchases were close to the \$2,500 (over \$2,300) limit.

Split Purchases

Some of the cardholders interviewed acknowledged that they were splitting purchases to stay within the \$2,500 limit. They were either: (i) instructed to handle purchases in this manner so that they would not have to use a purchase order or (ii) this was the way they interpreted the use of the card. Ten cardholders' accounts showed what appears to be split purchases. Some examples of split purchases are shown below:

	<u>Date of Purchase</u>	<u>Amount</u>
Vendor A	October 2, 2000	\$1,932
	October 2, 2000	<u>1,349</u>
	Total	<u>\$3,281</u>
Vendor B	November 1, 2000	\$1,692
	November 1, 2000	<u>945</u>
	Total	<u>\$2,637</u>
Vendor C	May 17, 2001	\$1,310
	May 17, 2001	<u>1,309</u>
	Total	<u>\$2,619</u>
Vendor D	June 9, 2001	\$598
	June 9, 2001	1,801
	June 9, 2001	<u>1,801</u>
	Total	<u>\$4,200</u>
Vendor E	June 26, 2001	\$1,764
	June 27, 2001	<u>1,765</u>
	Total	<u>\$3,539</u>
Vendor F	July 24, 2001	\$2,397
	July 25, 2001	<u>125</u>
	Total	<u>\$2,522</u>
Vendor G	August 16, 2001	\$112
	August 16, 2001	607
	August 16, 2001	1,153
	August 16, 2001	<u>756</u>
	Total	<u>\$2,628</u>
Vendor H	August 16, 2001	\$412
	August 16, 2001	<u>2,338</u>
	Total	<u>\$2,750</u>
Vendor I	August 31, 2001	\$718
	August 31, 2001	<u>2,288</u>
	Total	<u>\$3,006</u>
Vendor J	September 27, 2001	\$1,411
	September 28, 2001	<u>1,322</u>
	Total	<u>\$2,733</u>

Cardholders and approving officials should be reminded that split purchases violate procurement regulations and that such actions could lead to their cards being cancelled. Split purchasing should be included in annual reviews.

Cardholder Statements. TFM requires agencies to establish procedures for timely submission of cardholder statements to the agency designated billing office.

A cardholder statement (Statement of Account) is a listing that the bankcard company sends to each cardholder showing all transactions made by the cardholder during the billing period. TFM, Section 4535 requires cardholders' statements to be reviewed, approved, and submitted to the designated billing office (ADFS) within a time frame that allows them to process and pay the consolidated invoice within the Prompt Payment Act deadline. The Prompt Payment Act requires that bills be paid within 30-days from the date of receipt. Review and approval procedures, established by CPSC, allow sufficient time for this criteria to be met.

The Handbook outlines the responsibilities of cardholders and approving officials. According to the Handbook, within five workdays after receipt of a Statement of Account, the cardholder must verify the accuracy of transactions appearing on the statement by reconciling them with supporting documents. Discrepancies should be documented and resolved in accordance with prescribed procedures. The cardholder certifies the receipt and accuracy of all purchases by signing and dating each page of the Statement of Account. The statement and purchase receipts are then forwarded to the approving official within five workdays after receipt. The approving official must review and sign the Statement of Account within three workdays after receipt from cardholders.

Statement of Account. Cardholders' Statements of Account submitted to ADFS during Fiscal Year 2001 were reviewed. Most statements contained cardholders and approving officials' signatures. However, each page of statements was not signed.

During the first 10 months (October 2000 through July 2001) of Fiscal Year 2001, statements were generally submitted to ADFS from five to eight days after they were received by cardholders. It took an average of 10 days for statements to be submitted in August and September 2001. Although this exceeded eight days, ADFS had sufficient time to process payments. (Prompt Payment Act)

Cardholders' Ordering Log and purchase receipts maintained by the 32 cardholders selected were reviewed. Two of the 32 did not maintain a log. All cardholders (except one) maintained a copy of their statement and purchase receipts. Most logs did not include the signature of the approval official, as required.

Consolidated Statement of Account. The Handbook defines Consolidated Statement of Account as, "A report, received by the approving official, of all purchases and credits applicable to all cardholders(s) for whom he/she is the approving official." The review found that consolidated statements were sent to ADFS, not the approving officials. These statements are reconciled by ADFS to individual statements received from the cardholders and approving officials before payments are made.

Prompt Payment Act. According to the Prompt Payment Act, payments must be made to vendors within 30 calendar days after receipt of invoices. During Fiscal Year 2001, ADFS paid a total of \$701,954 to the Bank of America for the 4,042 purchases made by 164 cardholders. The review found that November 2000 through September 2001 payments were made on an average of 20 days (from 9 to 28) after the receipt of invoices. The October 2000 payment of \$53,822 was six days late. However, the nominal interest penalty (7.25%) of \$65 was not assessed or paid.

Security. TFM requires agencies to establish procedures for maintaining security of the cards.

The Handbook requires cardholders to safeguard purchase cards and account numbers at all times, insuring that charges are made only by official holders of the cards. The cardholder must not allow anyone else to use his/her card or account number.

The 32 cardholders interviewed stated that purchase cards are kept in a locked desk drawer or file cabinet when not being used. Only one cardholder indicated that a purchase card had been lost/stolen. This cardholder's purchase card was kept in the cardholder's wallet, which was lost/stolen, and the card was used by an unknown individual to purchase \$650 worth of personal items. The account was closed and a new card was issued to the cardholder.

Disputes. TFM requires agencies to establish procedures for handling disputes and returned, refused, damaged, or unacceptable items and partial deliveries.

TFM, Section 4535 allows the designated billing office to adjust the consolidated invoice, based on cardholders review of statements. CPSC procedures rely on the BankCard center to use a chargeback system when the dispute is settled in favor of CPSC.

The Handbook outlines procedures to be used in handling disputed transactions. According to the Handbook, if a dispute (a transaction is in question) can not be settled by the cardholder and the BankCard Center, a Dispute Form should be filled out and mailed to the BankCard Center within 60 days from receipt of the cardholder's statement. The Dispute Form is completed by the cardholder.

No problems were noted with the dispute process. Unauthorized charges disputed by two employees resulted from: (i) a lost/stolen purchase card and (ii) credit card number theft. Adjustments were made to both cardholders' statement.

Renewal. TFM requires agencies to establish card renewal procedures.

Expiration dates are shown on purchase cards issued by Bank of America. According to the AED for Administration, "Unless a card is cancelled, renewal is automated."

The audit found that 22 of the 186 cardholders did not use their cards during Fiscal Year 2001. Questions exist as to whether the cardholders actually need the cards, and if their needs can be addressed by others in their organization. Inactive cardholders'

accounts should be addressed during the annual review to determine whether the cards are needed. If they are not needed, the accounts should be closed.

RECOMMENDATIONS

To the AED for Administration, it is recommended that:

1. To ensure compliance with OMB and Treasury's guidance, key responsibilities and duties of authorizing, processing, recording, and reviewing should be separated. The AED for Administration should authorize the use of purchase cards, unless the authority to do so is delegated to the Director, ADPS.
2. All cardholders be trained on the proper use of the government purchase charge card.
3. Annual reviews be performed of the Purchase Card Program. The reviews should include an assessment of the following:
 - Compliance with CPSC policies.
 - Applicable training requirements.
 - Delegation of authority.
 - Integrity of purchase process.
 - Compliance with procurement regulations.
 - Receipt and acceptance procedures.
 - Record retention.
 - Inactive accounts
4. Delegations of authority be issued to all cardholders.
5. All cardholders be required to sign Form 333, *Procurement Integrity Certification for Procurement Officials* acknowledging the receipt of instructions on the use of the purchase card and that they "understand what is required when using the Government-wide credit card."
6. Policies be updated to address the renewal of charge cards.

MANAGEMENT'S RESPONSE

The AED for Administration concurred with the above recommendations. Exerts from his August 7, 2002 response to the draft report follows:

Recommendations 1, 2 and 4 - New procedures will be set up to address the duties of authorizing, processing, recording, reviewing, training, and delegations. These will be:

- 1) Assistant and Associate Executive Directors (AED's), Office Directors and Regional Directors will submit the names requesting new cardholders and approving officials to EXAD.
- 2) EXAD will review and forward the e-mail concurrently to EXRM (for verification of employment) and ADPS (for training and delegation of

authority). EXRM and ADPS will respond to EXAD with employment verification (e-mail from EXRM) and with a copy of the certificate of training, delegation letters (hard copies from ADPS).

3) EXAD will approve the request and forward to ADFS for processing.

4) ADFS will process the request.

Order 1540.1 and the Government-wide Commercial Purchase Card Handbook will be updated to change the procedures for requesting and approving cards.

ADPS will ensure training on the proper use of government purchase charge cards. CPSC employees will participate in web-based purchase card training. A printed certificate certifying completion of the training must be forwarded to ADPS upon completion of the training. The Directive 1540.1 and Handbook will be included in training materials made available to all cardholders. Further opportunity to point out significant training issues will be taken in the delegation letter itself to remind cardholders of extremely important points.

A delegation letter will be issued to each cardholder. Previous cardholders to which delegation letter had not been issued will be retrained and new letter issued. The delegation letter will emphasize purchase limits, mandatory sources of supply and prohibitions to unauthorized use of the card. A copy of this delegation letter will be maintained on file in ADPS.

Recommendation 3 - An annual review will be performed on the progress utilizing the Blueprint for Success, Purchase Card Oversight as a guide.

Recommendation 5 - Previously, procurement regulations required a procurement integrity certification. Because the 1997 amendments to the Procurement Integrity Act eliminated this requirement and because the current certification contains language that is inconsistent with the amended Act, this certification must be removed from our current documents. The contracts attorney in the Office of the General Counsel has been researching this issue and will respond to ADPS soon, revising both the certification language and the Procurement Integrity Summary that is attached to the delegation of authority.

Recommendation 6 - Order 1540.1 and the Government-wide Commercial Purchase Card Handbook will be updated to address the renewal of charge cards.

REPORT DISTRIBUTION

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EVALUATION OF INTERNAL CONTROL PROCEDURES
GOVERNMENT PURCHASE CARD

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