



Review of the U.S. Commodity Futures  
Trading Commission Purchase Card and  
Convenience Check Program



**U.S. COMMODITY FUTURES TRADING COMMISSION  
OFFICE OF INSPECTOR GENERAL**

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**TO:** J. Christopher Giancarlo, Chairman  
Brian D. Quintenz, Commissioner  
Rostin Behnam, Commissioner

**FROM:** A. Roy Lavik, Inspector General

**DATE:** May 18, 2018

**SUBJECT:** Review of the U.S. Commodity Futures Trading Commission  
(CFTC) Purchase Card and Convenience Check Program

## **Background**

The Government Charge Card Abuse Prevention Act of 2012<sup>1</sup> requires the Inspector General to report to the head of the agency the results of analyses or audits of the agency's purchase card and convenience check programs, to conduct periodic assessments, and to conduct analyses and audits as necessary.

In accordance with the Government Charge Card Abuse Prevention Act of 2012, and OMB Circular A-123 Appendix B,<sup>2</sup> all cardholders are required to complete training before being authorized as a purchase cardholder. Cardholders are required to fully understand and comply with relevant direction contained in the *Commission's Purchase Card Policy*,<sup>3</sup> and the relevant sections within *Federal Acquisition Regulation*.<sup>4</sup> Cardholders may place orders for goods and services in person, over the phone, by fax, or on the Internet. The use of purchase cards can facilitate timelier fulfillment of micro-purchase needs, eliminate the requirement for a purchase order in many cases, and reduce administrative burden. Agencies are encouraged to use purchase cards in greater dollar amounts by Contracting Officers, to place orders and to pay for purchases against contracts established when authorized, and to place orders and/or make payments against other contractual instruments, when agreed to by the contractor.

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<sup>1</sup> [Government Charge Card Abuse Prevention Act of 2012](#), P.L. 112-194, 126 Stat. 1445 (Oct. 5, 2012).

<sup>2</sup> [OMB Circular A-123 Appendix B](#).

<sup>3</sup> [Commission's Purchase Card Policy](#).

<sup>4</sup> [Federal Acquisition Regulation](#), 48 C.F.R. § 32.1108(b)(2).

The purchase card may be used to:

- Make micro-purchases (i.e., acquisitions of supplies and services, the aggregate amount of which does not exceed \$3,500);
- Place task or delivery orders (if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement);
- Make payments, when the contractor agrees to accept payment by the purchase card; or
- Make other purchases as may be authorized in the respective cardholder's delegation memorandum.

Per Office of Management and Budget (OMB) Circular A-123 Appendix B, convenience checks are a payment and/or procurement tool intended only for use with merchants that do not accept purchase cards and for other authorized purposes where charge cards are not accepted. Convenience checks should be used as a payment method of last resort, only when no reasonable alternative merchant is available who accepts the purchase card. Convenience checks are not used extensively by the CFTC, as management discourages the use of them.

## **Our Review**

During Fiscal Year 2017, there were 39 purchase cards issued to CFTC staff. They made a total of \$2,098,435 in charges. Over the same period approximately \$54,440 in expenses were paid by convenience checks. During this period, the OIG received no allegations regarding purchase cards or convenience checks. We obtained and reviewed 78 purchase card samples. Based on our review there were no exceptions noted. For convenience checks, we selected 20 samples to review. There were no exceptions noted.

Annually, the OIG engages an independent public accounting firm to conduct an audit of the CFTC's financial statements and report on the CFTC's compliance with laws and regulations related to its financial statements. The auditors concluded that the CFTC was generally in compliance with applicable laws and regulations and did not identify any matter related to purchase card and convenience check usage. In addition, the CFTC also contracted Kearney and Company to review and report on CFTC's purchase card program as it relates to internal controls. Kearney and Company did not find any significant issues as it relates to purchase cards.

## **OIG Conclusion**

Based on our review, nothing came to our attention that would warrant the OIG to conclude that internal controls over purchase card and convenience check programs were not operating as intended. As such, we conclude the current risk of illegal, improper, or erroneous purchases is low and that CFTC complied, in all material respects, with the Government Charge Card Abuse Prevention Act for the fiscal year ended September 30, 2017.

**CC:**

Michael Gill, Chief of Staff;

Kevin S. Webb, Chief of Staff;

John Dunfee, Acting Special Counsel;

Anthony Thompson, Executive Director;

Mary Jean Buhler, Chief Financial Officer;

Keith Ingram, Accounting Officer;

Judith Ringle, Deputy Inspector General and Chief Counsel;

Miguel A. Castillo, Assistant Inspector General for Auditing

# Appendix A

## Objective, Scope, Methodology

The OIG conducted an audit to determine CFTC's compliance with purchase cards, as set forth in Government Charge Card Abuse Prevention Act of 2012, OMB Circular A-123 Appendix B, and CFTC policies and procedure.

To meet our objective, we gained an understanding of CFTC's purchase card and convenience checks program. We held a planning meeting with key personnel for the purchase card program. Key personnel detailed the process and the requirements of CFTC's purchase card program. We also obtained and reviewed Kearney and Company's FY2017 Federal Managers Financial Integrity Act of 1982<sup>5</sup> workpapers.

We used the U.S. Government Accountability Office (GAO) *Financial Audit Manual*<sup>6</sup> Section 650 testing methods to identify our samples for purchase cards; it states that the auditor should select a sample that the auditor expects to be representative of the population. For tests of controls, attribute sampling achieves this objective. Attribute sampling requires random or systematic, if appropriate, selection of sample items without considering the transactions' dollar amounts or other special characteristics. To determine our sample size of 78, we used professional judgment based on the following three factors:

- confidence level;
- tolerable rate (maximum rate of deviations from the prescribed control that the auditor is willing to accept without altering the preliminary control risk); and
- expected population deviation rate (expected error rate).

We audited Fiscal Year 2017 transactions in accordance with the standards contained in GAO's *Government Auditing Standards*.<sup>7</sup> The agency's independent public accountant annual report and work papers did not express deficiencies associated with payments and as such we believe the data used to support our conclusion is reliable. We provided a draft copy of the report to management. Management concurred with the report.

We appreciate the courtesies provided by CFTC staff. If you have any questions, please contact Miguel Castillo, Assistant Inspector General for Auditing at (202) 418-5084 or Timothy Peoples, lead auditor, at (202) 418-5439.

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<sup>5</sup> Federal Managers Financial Integrity Act of 1982, P.L. 97-255, 96 Stat. 814 (Sept. 8, 1982).

<sup>6</sup> GAO, [Financial Audit Manual](#).

<sup>7</sup> GAO, [Government Auditing Standards](#).