



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

January 27, 2017

Mark Sandy
Acting Director
Office of Management and Budget
725 17th Street, NW
Washington, D.C. 20503

Dear Mr. Sandy:

The Government Charge Card Abuse Prevention Act of 2012, as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, mandates that Inspectors General report to the Director of OMB within 120 days after the end of each fiscal year on agency progress in implementing charge card-related audit recommendations.¹ This letter responds to that reporting requirement for the General Services Administration (GSA) for fiscal year 2016.

As of September 30, 2016, there were no outstanding audit recommendations for GSA's travel cards. However, there are outstanding audit recommendations for GSA's purchase cards from an audit report that was issued at the end of the fiscal year. On September 30, 2016, the GSA Office of Inspector General issued an audit report entitled *GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases*.² During the audit, we examined GSA's fiscal year 2015 purchase card activity. We found certain deficiencies surrounding the internal controls over GSA's purchase card program and issued eight audit recommendations to Agency management. Our findings and recommendations are summarized in the enclosure. As of the date of this letter, three of the eight recommendations are closed. The remaining five recommendations are scheduled to be completed by June 30, 2017.

If you have any questions or need more information, please contact me at (202) 501-0450. Staff inquiries may be directed to R. Nicholas Goco, Assistant Inspector General for Auditing, at (202) 501-2322.

Sincerely,

A handwritten signature in blue ink that reads "Carol F. Ochoa".

Carol F. Ochoa
Inspector General

¹ Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194.

² Report Number A160022/O/R/F16004.

Enclosure

Status of GSA's Implementation of Purchase Card Audit Recommendations

Our audit of fiscal year 2015 purchase card activity found that GSA's purchase card program controls should be improved and enforced. In our report, we identified deficiencies in three major controls used by GSA's Office of Administrative Services (OAS) to ensure the success of its purchase card program. The following table outlines our audit findings, the related audit recommendation(s), and GSA's progress in implementing those recommendations.

#	Audit Recommendation	Status
Finding 1 – GSA does not have assurance that purchase cards are used exclusively for approved, business-related goods and services because controls to support and review transaction documentation are not performed consistently.		
1	Enforce GSA Order OAS 4200.1A, <i>Management and Use of the GSA SmartPay Purchase Card</i> , by implementing a review process to ensure purchase cardholders upload supporting documentation to Pegasys and that Approving Officials resolve instances of missing documentation.	Open Scheduled Completion: 6/30/2017
2	Develop a process to hold purchase cardholders and Approving Officials accountable for not adhering to requirements in GSA Order OAS 4200.1A for maintaining documentation and reviewing transactions. This process may include card suspension, card removal, or reassignment of responsibilities of the cardholder and Approving Official.	Open Scheduled Completion: 6/30/2017
Finding 2 – GSA may not identify illegal, improper, or erroneous purchases because controls over the resolution of questionable purchase card transactions are not operating effectively.		
3	Implement procedures to require that OAS periodically verifies that its Electronic Monitoring System business rules are designed as intended to capture questionable charges.	Closed Closed Date: 1/11/2017

#	Audit Recommendation	Status
4	Further ensure that search terms programmed to identify questionable charges are routinely updated to identify outdated and ineffective search terms, for example, Google versus AOL, PlayStation 4 versus PlayStation 3, and other similar changes.	Closed Closed Date: 1/11/2017
5	Assess the workload of the Central Office and National Capital Region Regional Coordinators and Agency Program Coordinators to determine if additional staff is necessary to ensure purchase card controls are managed and operating effectively.	Open Scheduled Completion: 2/03/2017
6	Incorporate specific guidance, in both policy and training, on the procedures Approving Officials should follow in responding to questionable charge transactions.	Open Scheduled Completion: 6/30/2017
7	Ensure Regional Coordinators are given access to Pegasys to improve and reinforce their review of questionable charge card transactions.	Closed Closed Date: 1/11/2017
Finding 3 – GSA lacks controls for identifying split purchase card transactions, making GSA vulnerable to cardholders violating federal procurement regulations.		
8	Institute regular testing to identify and evaluate potentially split transactions.	Open Scheduled Completion: 3/31/2017