



Office of Audits
Office of Inspector General
U.S. General Services Administration

IMPLEMENTATION REVIEW OF ACTION PLAN

GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases Report Number A160022/O/R/F16004 September 30, 2016

Assignment Number A170077
August 11, 2017

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Introduction

We completed an implementation review of the management actions taken in response to the recommendations contained in *GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases*, Report Number A160022/O/R/F16004 (see **Appendix A**).

Objective

The objective of our review was to determine whether the Office of Administrative Services has taken the corrective actions as outlined in the action plan for *GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases*. To accomplish our objective we:

- Met and corresponded with Office of Administrative Services personnel;
- Examined documentation submitted by Office of Administrative Services personnel supporting completion of the action plan steps;
- Examined Purchase Card Program memos and testing schedules, provided by OAS, contained in GSA's Internal Controls Audit Tracking System; and
- Performed limited testing of the implementation of the guidance and procedures contained in these supporting documents.

Background

On September 30, 2016, we issued an audit report, *GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases*, to the Office of Administrative Services. In our September 30, 2015, *Fiscal Year 2014 Risk Assessment of GSA's Charge Card Program*, we assessed a high level of risk of illegal, improper, or erroneous purchases made through GSA's Purchase Card Program. Because of this high-risk assessment, we also determined that an audit of GSA's fiscal year 2015 purchase card program was necessary.

Our audit found that:

- 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.
- GSA may not identify illegal, improper, or erroneous purchases because controls over the resolution of questionable purchase card transactions are not operating effectively.
- GSA lacks controls for identifying split purchase card transactions, making GSA vulnerable to cardholders violating federal procurement regulations.

To address the findings identified in the report, we recommended that the Chief Administrative Services Officer:¹

1. Enforce GSA Order OAS 4200.1A, *Management and Use of the GSA SmartPay Purchase Card*;
2. Ensure questionable charges are identified, reviewed, and resolved; and
3. Ensure the Charge Card Management Division fully develops and implements the MasterCard Expert Monitoring System, and performs routine tests of split transactions.

The Chief Administrative Services Officer agreed with the report recommendations.

¹ These summary-level recommendations are presented in detail in **Appendix A**.

Results

We determined that the Office of Administrative Services has taken appropriate corrective actions to address the recommendations. We determined that no further action is necessary.

Conclusion

Our implementation review determined that the Office of Administrative Services addressed the audit recommendations in the action plan, dated October 24, 2016.

Audit Team

This review was managed out of the Real Property and Finance Audit Office and conducted by the individuals listed below:

Marisa A. Roinestad	Associate Deputy Assistant Inspector General for Auditing
Cairo Carr	Audit Manager
Joy Wright	Auditor-In-Charge
Christopher Mattocks	Auditor

Appendix A – Action Plan for Report Number A160022/O/R/F16004

Action Plan

Designated Responding Official: [REDACTED]
Contact Person: [REDACTED]
Telephone Number: [REDACTED]
Date: 10/24/2016

Audit Report Number/Title A160022/O/R/F16004 GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases	Recommendation Number 001	Proposed Recommendation Completion Date (6/2017)
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Recommendation 001

001A. Enforce GSA Order OAS 4200.1A by implementing a review process to ensure purchase cardholders upload supporting documentation to Pegasys and that Approving Officials resolve instances of missing documentation

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. Revise policy to move the responsibility for sampling from Approving Officials to Regional Coordinators.	Revised OAS 4200.1A	06/30/2017
002. Regional Coordinators will review a sample of purchase card transactions per month to ensure they are logged/reconciled and required documents are uploaded.	Sample spreadsheet that documents the review and results	06/30/2017

001B. 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.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. Revise policy to include provisions for suspension/cancellation of the purchase card for cardholders who do not log/reconcile and upload supporting documents.	Revised OAS 4200.1A	6/30/2017

Appendix A – Action Plan for Report Number A160022/O/R/F16004 (cont.)

Recommendation 002

002A. Implement procedures to require that OAS periodically verifies that its EMS business rules are designed as intended to capture questionable charges;

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. Complete review of EMS Business Rules annually.	<p>Screenshot of EMS business rules before and after changes are made.</p> <p>OAS will provide three months of original questionable charges reports as evidence that EMS is working as intended.</p>	12/31/2016

002B. 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;

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. Remove of outdated and ineffective search terms from EMS annually.	Screenshot of EMS business rules before and after changes are made.	12/31/2016

002C. 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;

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
OAS consolidation of regional coordinators	Memos issued to Regions for consolidation.	12/31/2016
001. OAS will hire additional personnel in Central Office to carry out charge card administrative duties (e.g., processing applications, updating accounts, etc.) to enable existing coordinators to focus on core duties related to analysis and monitoring		12/31/2016
002. The charge card coordinators will now perform charge card duties on a full-time basis as opposed to ancillary duties.	Memos issued to Regions for consolidation.	
003. OAS will develop performance plans for all coordinators to ensure consistency across GSA and accountability in the charge card program.	Memos issued to Regions for consolidation.	12/31/2016

Appendix A – Action Plan for Report Number A160022/O/R/F16004 (cont.)

002D. Incorporate specific guidance, in both policy and training, on the procedures Approving Officials should follow in responding to questionable charge transactions;

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. OAS will update OAS 4200.1A to incorporate specific guidance for Approving Officials to follow when responding to questionable charges	Revised OAS 4200.1A	6/30/2017
002. Train Approving Officials	Copy of revised cardholder and Approving Official training guide and class roster.	6/30/2017

002E. Ensure Regional Coordinators are given access to Pegasys to improve and reinforce their review of questionable charge card transactions.

<u>Action to be Taken Step by Step</u>		
001. Provide Regional Coordinators access to Pegasys.	Copy of Pegasys access forms	12/31/2016

Recommendation 003

003A. We recommend the Chief Administrative Services Officer institute regular testing to identify and evaluate potentially split transactions.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation to be sent to H1G</u>	<u>Documentation Will be Sent Last Day</u>
001. Conduct annual review of potential split transactions and follow up with staff offices and regions for resolution	Spreadsheet identifying the potential split transactions and resolution.	3/31/2017

Appendix B – Report Distribution

Acting GSA Administrator (A)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)