OIG
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Management Assistance Report: Annual Purchase Card Program Reviews

MANAGEMENT ASSISTANCE REPORT

Summary of Review

OIG found that 53 percent of overseas purchase card coordinators in FY 2014 either failed to perform mandatory annual reviews of their purchase card programs or did not respond to a request for that information. Annual reviews are an important internal control to prevent waste, fraud, and abuse. The monetary value of goods and services obtained using purchase cards at those posts totaled almost $34 million. The Bureau of Administration does not routinely monitor and evaluate compliance with the required annual review.

BACKGROUND

The Government Charge Card Abuse Prevention Act of 2012[1] and Office of Management and Budget Circular A-123 require agencies using the purchase card to establish and maintain safeguards and internal control over purchase card transactions.

The Bureau of Administration is responsible for overseeing the Department's purchase card program operations.[2] According to 4 Foreign Affairs Manual (FAM) 455.3, purchase card program coordinators—generally at the bureau executive director or embassy management officer level—are assigned responsibility for monitoring, including an annual review, of purchase card programs within a bureau or post. The annual review is "one of the key internal controls under the Purchase Card program."[3] According to the Bureau of Administration 2012 Memorandum to all Purchase Card Coordinators (shown in Appendix A), the purpose of the annual review is to: ensure compliance with established operating procedures and controls, enhance oversight to prevent fraud and misuse, ensure all participants meet training requirements, and raise program awareness by highlighting areas of improvement or best practices. Bureau and post approving officers should also help with purchase card oversight.[4] The Bureau of Administration provides bureaus and posts a standard purchase card review checklist, summary, and certification; however, bureaus and posts are not required to submit this documentation to the Bureau of Administration. Documentation must be retained on file in the bureau or post for 3 years.[5]

In spring 2015, as part of the OIG annual planning process,[6] the Office of Inspections found that some overseas posts had not completed mandatory annual purchase card reviews. OIG

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[1] The Act states, "the head of each executive agency that issues and uses purchase cards…shall establish and maintain safeguards and internal controls to…prevent or identify illegal, improper, or erroneous purchases." 41 U.S.C. § 1909(a).

[2] 1 FAM 212.2b.6.

[3] 04 State 269180.

[4] 4 FAM 455.3b.

[5] Bureau of Administration 2012 Memorandum to all Purchase Card Coordinators.

[6] Every year, OIG collects and reviews data associated with numerous Department programs. OIG uses the data to assess risk across posts and bureaus which informs audit and inspection scheduling decisions.

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requested that the Bureau of Administration provide a list of posts and whether they had conducted the mandatory annual reviews. (OIG did not examine the validity of any purchase card transactions during this review.)

Most Posts did not Produce Annual Purchase Card Reviews in FY 2014

In response to the OIG request, the Bureau of Administration polled posts to determine FY 2013 and FY 2014 compliance with the annual review requirement. The results showed that, in FY 2014, 47 percent of overseas posts performed the required annual review and 53 percent either did not perform the review or did not respond to a request for that information. In FY 2013, 63 percent performed the review and 37 percent either did not perform the review or were non-responsive. Appendices B and C list FYs 2013 and 2014 compliance results by post. The table below highlights these results and the value of goods and services obtained using purchase cards at those posts.[7]

Table 1: Post compliance with Annual Review Requirement and Value of Procurements

	FY 2013	FY 2014
Compliant posts/	124[8]	95
Value of procurements	$39,003,650	$31,168,761
Noncompliant posts/	48	63
Value of procurements	$12,230,988	$20,404,314
Nonresponsive/	24	45
Value of procurements	$6,877,068	$13,118,328
Overall totals per fiscal year	196	203
	$58,111,706	$64,691,403
Percentage Compliant	63%	47%
Percentage Non-Compliant or Non-Responsive/	37%	53%
Value of procurements	$19,108,056	$33,522,642

Source: Bureau of Administration; Citibank Custom Reporting System

OIG has identified other instances of non-compliance with the annual review requirement. In FY 2010, OIG audited the Department domestic purchase card program[9] and found a number of deficiencies, including non-compliance with the annual review requirement. Of the six domestic bureaus OIG audited, one bureau's program coordinator conducted the purchase card review by the due date, three coordinators conducted reviews after the due date (only after OIG requested

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[7] The OIG obtained the value of purchase card transactions from the Citibank Custom Reporting System.

[8] Bureau of Administration-provided FY 2013 data showed that US Consulate General Hamilton completed the review, but purchase card data from CITI indicated that the Consulate General did not have a purchase card account. OIG included Hamilton in compliance data with zero for the dollar value of procurements.

[9] Audit of Department of State Purchase Card Domestic Use, AUD/SI-10-31, September 2010.

the reviews), one coordinator did not conduct the review, and one coordinator did not respond to OIG. The deficiencies related to annual reviews were just one of a number of internal control deficiencies found during the audit. In the audit report, OIG recommended that the Department develop and implement a plan for continuous monitoring that included adequate staffing.

In response to the FY 2010 OIG recommendation, Bureau of Administration officials originally contended that bureau- and post-based program coordinators and approving officials should continue to self-monitor compliance with the annual review requirement. In a later compliance response in FY 2011, Bureau of Administration officials stated that they planned to provide continuous monitoring once resources became available. In July 2013, the bureau reported that: responsibility for the purchase card program was moved to another office; an additional position was added to assist with continuous monitoring; and continuous monitoring would be possible once the Purchase Card Management and Reporting System (PMARS) was fully implemented.[10] In August 2014, the bureau provided OIG an update on PMARS implementation. Because the Bureau of Administration could not provide OIG a firm date for PMARS implementation nor demonstrate that it was continuously monitoring the annual purchase card requirement, the OIG recommendation remained open. In May 2015 and October 2015, the bureau provided OIG additional updates on PMARS implementation but no firm completion date.

Bureau of Administration Oversight has been Insufficient

The Bureau of Administration policy of delegating responsibility for monitoring and evaluating annual reviews has failed. Bureaus and posts are required to submit annual review results to the Bureau of Administration on a case-by-case basis and only if bureaus or posts are seeking to increase their purchase card limit. Pending the full PMARS implementation, the Bureau of Administration cannot determine if posts are completing annual purchase card reviews. Post compliance results from FY 2013 and FY 2014 and bureau compliance results from FY 2010 demonstrate that stronger Bureau of Administration oversight is needed.

During this review, OIG learned that responsibility for Purchase Card Program oversight was transferred from the Bureau of Administration Office of the Procurement Executive to the Bureau of Administration Office of Acquisitions Management where additional resources were available. The transfer of oversight responsibility is not reflected in 1 FAM 212.2.

FINDINGS

The Bureau of Administration does not monitor bureau and post compliance with the annual purchase card review requirement[11] but should do so consistent with its 1 FAM 212.2 responsibility to monitor the purchase card program. Posts and bureaus are not required to send the results of annual reviews to the Bureau of Administration, and the Bureau of

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[10] According the Bureau of Administration, PMARS is a web-based application that will allow the bureau to monitor compliance electronically.

[11] 4 FAM 455.3a(4).

Administration, therefore, does not review the results. As a result, the bureau receives relatively few results from annual purchase card reviews and, therefore, does not take adequate steps to identify fraud, areas of risk, and other trends. The value of posts' purchase card procurements— $64 million in FY 2014—and the risk of fraud highlight the importance of adequate internal controls.

> **Recommendation 1:** The Bureau of Administration should require bureaus and posts to submit the results of annual purchase card reviews to allow the Bureau of Administration to monitor compliance. (Action: A)

In response to the 2010 OIG audit recommendation, the Bureau of Administration stated that it transferred responsibility for purchase card oversight from the Office of the Procurement Executive to the Office of Acquisitions Management. This change is not reflected in the FAM, which, according to 1 FAM 212.2, continues to give the Office of the Procurement Executive oversight responsibility. Conflicting authorities lead to confusion over which office has oversight responsibility. Language in 2 Foreign Affairs Handbook-1 H-111.4 states that "changes to the Department's organizational structure or the way it conducts U.S. Government business will usually trigger the need to update the FAM or Foreign Affairs Handbook. Examples of various triggers are...out-of-date information."

> **Recommendation 2:** The Bureau of Administration should update the Foreign Affairs Manual to identify the office within the Bureau of Administration that has responsibility for overseeing and administering the Department purchase card program. (Action: A)

APPENDIX A: BUREAU OF ADMINISTRATION FY 2012 GUIDANCE ON PURCHASE CARD ANNUAL REVIEW

October 2012

MEMORANDUM

TO: Bureau and Post Program Coordinators

FROM: A/LM/AQM/BOD – Benita Williams

SUBJECT: PURCHASE CARD ANNUAL REVIEW, Revised 10/2012

In accordance with your Delegation of Procurement Authority, you are required to perform an annual review of your Bureau or Post's Purchase Card activity and implement program improvements where non-compliant issues have been identified. The purpose of the annual review is to:

- Ensure compliance with established procurement and financial management practices, operating procedures and Purchase Card controls;
- Ensure Bureaus and Posts are complying with Ariba requirements;
- Ensure Bureaus comply with mandatory Federal Strategic Sourcing Initiatives;
- Enhance oversight to prevent fraud and misuse;
- Verify participant profile information to ensure it is current and complete;
- Ensure all participants meet initial and refresher training requirements;
- Validate continued card need based on historical and projected use and;
- Raise program awareness by highlighting areas of improvement or/or best practices.

Annual reviews must be completed and certified by the Bureau or Post Program Coordinator in the first quarter of the new fiscal year for the prior fiscal year using the attachments below:

(1) Purchase Card Annual Review Checklist (Attachment 1);
(2) Summary of Findings (Attachment 2) and;
(3) Certification of Completion of Purchase Card Annual Review (Attachment 3).

The above annual review documents are available from the Purchase Card website at http://aope.a.state.gov (Intranet). Certified reviews must be retained in Bureau or Post files for a minimum of 3 years and need only be submitted:

1) At the request of A/LM/AQM/BOD or A/LM/PMP or;

2) In support of a special request if required by A/LM/AQM/BOD or A/LM/PMP (i.e. request for a higher threshold card, change to a Cardholder's Merchant Category Codes or request for convenience checks for example).

Should you have any questions regarding the annual review process, please contact Margaret Colaianni on my staff at (703) 516-[Redacted] (b)(6). Your continued cooperation and support will help us to make future improvements to the program and standardize Purchase Card processes wherever possible.

Attachments: As stated.

PURCHASE CARD ANNUAL REVIEW
Revised October 2012

I. Background

Under the Government-wide Purchase Card program, each Program Coordinator must complete an annual review of Bureau or Post operations at the beginning of each new fiscal year for the prior year. The purpose of the annual review is:

- Ensure compliance with established procurement and financial management practices, Ariba requirements, operating procedures and Purchase Card controls;
- Enhance oversight to prevent fraud and misuse;
- Verify participant profile information to ensure it is current and complete;
- Ensure all participants meet initial and refresher training requirements;
- Validate continued card need based on historical and projected use and;
- Raise program awareness by highlighting areas of improvement or/or best practices.

This policy provides an overview of the annual review process and the specific forms to utilize in completing and certifying the review.

II. Overview of Annual Review Process

Annual reviews must be performed and completed by each Bureau or Post Program Coordinator during the first quarter of the new fiscal year for the prior fiscal year. Program Coordinators are strongly encouraged to involve Bureau or Post Approving Officials in the review of their individual Cardholders and assist with the assessment of established internal controls, policies and procedures and recommended improvements. Below is an overview of the steps involved in the annual review process:

1) Select Random Sample of Cardholder files: The sample size should be large enough to provide a good representation of the Bureau or Post program.

2) Conduct Interviews and Evaluate Processes: The reviewer should conduct discussions with program participants to obtain a clear understanding of Bureau or Post processes, internal controls, program weaknesses or best practices.

3) Document findings on Cardholder Checklist (complete one per Cardholder in the random sample. See Attachment I).

4) Complete the Annual Review certification (Attachment III). The Program Coordinator must sign and date the certification for the review to be valid.

5) Retain Certified Review in Bureau or Post files for a minimum period of 3 years. Reviews need only be submitted at the request of A/LM/AQM/BOD or A/LM/PMP in support of a special request (i.e. request for a threshold increase for example).

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III. Annual Review Attachments

The annual review consists of the following three attachments:

- Purchase Card Annual Review Checklist (Attachment 1)
- Summary of Findings (Attachment 2)
- Certification of Completion of Purchase Card Annual Review (Attachment 3)

Purchase Card Annual Review Checklist (Attachment 1): The Purchase Card Annual Review Checklist is used in the initial review of each Cardholder's files and documentation (records) to determine compliance with procurement buying policies, procedures and regulations. The checklist also serves as a tool to review Bureau or Post internal procedures and controls including the reconciliation of Cardholder monthly buying logs with bank statements, Approving Official oversight procedures, reconciliation of the official invoice with Cardholder Statements, timely payment of the invoice by the Bureau or Post Designated Billing Official, and validation of participant profile information and training requirements. The Program Coordinator must complete one checklist for each individual Cardholder reviewed in the random sample.

The annual review checklist addresses the following Purchase Card program criteria:

A. Card usage requirements (for all card products e.g. Payment Cards etc.)
B. Actual card activity
C. Security requirements
D. Cardholder documentation requirements
E. Statement review and approval requirements
F. Financial compliance requirements
G. Requirements for purchases over $3,000
H. Bureau or Post profile update requirements
I. Participant training requirements
J. Validation of Cardholder spend requirements
K. Convenience Check Usage and Oversight

Summary of Findings (Attachment 2): This attachment is used to summarize findings including areas of non-compliance and recommendations for improvements identified in the checklists or from Cardholder records or interviews with Purchase Card participants. Best practices and recommendations for improving the Purchase Card program are to be addressed at the end of the Summary of Findings attachment.

Certification of Completion of Purchase Card Annual Review (Attachment 3): This attachment consists of a certification that must be dated and signed by the Program Coordinator upon completion of the annual review. The annual review package, including the certification of completion, must be retained in the Bureau or Post files for a minimum period of three years.

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IV. STEPS IN ANNUAL REVIEW PROCESS

The steps below provide specific guidance in conducting an Annual Review:

a. **Select a Random Sample of Cardholder Records:** Randomly select a sufficient number of Purchase Cardholder records to review under each of your established Approving Official accounts. The number selected must be large enough to provide an adequate sampling of Purchase Card operations and oversight procedures within your Bureau or Post. When feasible, the reviewer is strongly encouraged to review records from 100% of the Bureau or Post Cardholders to ensure compliance by all participants and promote program efficiency.

b. **Conduct Interviews and evaluate file documentation and internal processes:** Conduct short interviews with Cardholders, Approving Official and budget or finance officers to discuss how the Purchase Card program and related procedures are working. The interviews can be a valuable source of information regarding Bureau or Post operational procedures and individual concerns or recommendations about the program. Both positive and negative comments should be solicited. Discussion topics could include how the Cardholder conducts an individual purchase; steps followed in the monthly reconciliation process of the Cardholder log with the bank statements and supporting documentation; how invoices are reconciled with Cardholder statements; the invoice payment process, any best practices used by the Bureau or Post, etc. Specific examples of file documentation and processes to review are provided below. These are not all inclusive but reflect important areas for review.

Examples of file documentation to include in the review:

- Procurement Requests
- Compliance with Ariba requisitioning requirements
- Monthly buying logs
- Monthly bank statements
- Cardholder receipts
- Dispute forms (if applicable)
- Record of telephone conversations
- Funding sheets
- Receiving Reports
- Any other supporting documentation

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Examples of processes and internal controls to include in the review:

- Ariba requisitioning requirements
- Compliance with FSSI requirements e.g. UPS for courier services
- How the Cardholder (CH) conducts an individual purchase
- How logs are maintained by the Cardholder
- How funding is obtained from the FMO and tracked (and annotated on logs)
- Steps followed in the monthly reconciliation of CH statement with buying log
- AO review, approval and oversight process of Cardholder activity
- Funds management and tracking by the DBO (i.e. management of bulk funding)
- Process for reconciling invoice with CH statements and Bureau/Post invoice
- Invoice payment process
- Dispute resolution process (if applicable)
- Process and controls for procuring supplies and services over $3,000 (supplies) and $2,500 (services) (if applicable)
- Process for safeguarding Purchase Cards and related information
- Process for keeping participant profile information current
- Meeting initial and refresher training requirements

c. **Complete one checklist per Cardholder reviewed (Attachment I) based on initial discussions, review of file documentation and processes:** Respond to each question in the checklist. Complete a separate checklist for each Cardholder included in the random sample selected. **Checklists cannot be completed by a Cardholder.**

d. **Summarize findings in Attachment II "Summary of Findings":** Once a separate checklist has been completed for each Cardholder in the review sample, summarize overall findings from the review on Attachment II including areas of non-compliance and recommendations for improvement and best practices. For example, any areas of concern or problems found during any aspect of the review should be summarized along with a discussion of what steps the Program Coordinator has taken to correct the areas of non-compliance. Specific examples should be cited whenever possible. The Program Coordinator may also address in the Summary of Findings general or miscellaneous areas not identified in the checklists such as whether Citibank and the merchants are providing acceptable customer service. Areas of best practices are to be documented on the last page of the Summary of Findings.

e. **Complete Certification of Completion:** Complete the certification contained in Attachment 3 upon completion of the annual review. The review is valid only upon certification by the Bureau or Post Program Coordinator.

f. **Retain files for three years:** Retain copies of the certified review and supporting information in the file for a minimum period of three years. Completed reviews need not be submitted to A/LM/AQM/BOD or A/LM/PMP unless requested.

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ATTACHMENT 1
ANNUAL REVIEW CHECKLIST

Cardholder Name		AO Name	
CH Account No.			
		AO Title	
Bureau or Post		Date of Review	
Office Symbol		Period Covered	

No.	Specific Review Criteria	Yes	No	N/A
A. Card Usage Requirements: Used to determine proper use of Card by Cardholder				
1.	Has any other individual other than the CH used his or her card?			
2.	Are all requirements being entered into ILMS Ariba?			
3.	Have any purchases exceeded the Cardholder's single purchase limit (SPL)? The Cardholder's SPL is _____.			
4.	Has the Cardholder split requirements to stay under his/her single purchase limit (SPL)? (Look for repeated orders during a short time period for the same goods or services).			
5.	Were all goods and services ordered consistently available for immediate delivery? Are there recurring backorders?			
6.	Did the Cardholder check required sources of supplies or services prior to ordering on the open market (i.e. Agency inventories or excess property, FPI or UNICOR (if over $2,500), AbilityOne (NIB/NISH/ JWOD), GSA Supply Programs, Federal Supply Schedules)?			
7.	Were all purchases made by the Cardholder for official Government business only?			
8.	Is there any indication of misuse of card or check privileges? If so, identify nature of misuse in summary of Findings section.			
9.	Was the card used to purchase any of the following without a specific written authorization from A/LM/AQM/BOD?			
	a. Cash Advances			
	b. Advance Payments except for subscriptions, publications, or utilities (Payments for utilities are applicable overseas only)			
	c. Rental or lease of land or buildings			
	d. Individual travel expenses			
	e. Professional services for medical, legal, design/engineering or consulting services.			
	f. Vehicle rental or lease (permitted overseas)			
	g. Caterers, restaurants, bars			
	h. Telephone services (excludes cell phones and service)			

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No.	Specific Review Criteria	Yes	No	N/A
	i. Construction above $2,000/year			
	j. Services other than construction above $2,500/year			
	k. Supplies that contain hazardous substances or hazardous waste clean-up and disposal			
	l. Rental and maintenance agreements above $2,500/yr			
	m. Membership in organizations including charitable and social organizations			
	n. Personal Services			
	o. Entertainment, amusement and recreational services			
	p. Firearms			
	q. Pesticide purchase or application			
	r. Copying jobs that exceed 5,000 copies of one page (single sided) or 25,000 copies total of multiple pages			
	s. Print jobs that exceed $1,000			
10.	Did the Cardholder pay any U.S. State taxes and if so, how much? (Examine receipts to verify if any taxes are included).			
11.	Did the CH use the PCard for repetitive buys to the same vendor for the same product or service? For repetitive supplies or services buys exceeding $2,500 per year ($2,000 per year for construction), a Payment Card or an alternative procurement vehicle must be used to obtain competition.			
12.	Are non-expendable, non-serialized, personal property items with an acquisition cost of $5,000 or more per item and serialized property items with an acquisition cost of $500 or more per item, purchased by the Cardholder properly tracked in the accountable property records?			
13.	If domestic, did the CH comply with DOS FSSI initiatives (e.g. use of UPS for all domestic courier services)?			

B. Actual Card Activity: Used to validate continued need for each card.

No.	Specific Review Criteria				
1.	What level of activity has the Cardholder had on his/her card over **past 6 months**?* *Cards with no activity for a 6 month period should be considered for cancellation.	No Usage	Low Usage	Med Usage	High Usage
2.	What level of activity has the Cardholder had on his/her card over **past 12 months**?* *Cards with no activity during a 12 month period should be cancelled unless otherwise needed.	No Usage	Low Usage	Med Usage	High Usage

C. Security Requirements: Used to determine if cards and related information are being properly safeguarded.

No.	Specific Review Criteria	Yes	No	N/A
1.	Is the Cardholder's Purchase Card kept adequately secured? Are all cards kept locked up in the office when not in use?			

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No.	Specific Review Criteria	Yes	No	N/A
D. Cardholder Documentation Requirements: Used to determine if purchases are supported by proper fiscal and purchase documentation.				
1.	Are purchases supported by proper fiscal documentation including:			
	a. A valid procurement request or written authorization that describes what is to be purchased and signed by individual with authorized requisitioning authority?			
	b. Valid fiscal data and Budget Office approval?			
2.	Are the Cardholder's reconciled monthly Statement of Accounts supported by proper purchase documentation including:			
	a. Valid receipts and/or cash register tapes supporting each purchase? If not available, a statement indicating why receipts and/or cash register tapes are not available i.e. lost receipt, purchase was telephone order so no receipt, etc? ***Please note that in order to dispute a charge, the bank may require a valid receipt. This is especially important for phone orders.**			
	b. Proof of delivery or completion of performance.			
	c. A corresponding description on each statement and supporting documentation.			
	d. The appropriate accounting, budget or project code shown on the statement for each transaction. (Spot check budget and accounting codes to verify they are accurate).			
	e. Are disputed purchases annotated on the Cardholder statement and a copy of the Cardholder Dispute Form attached if applicable?			
	f. Are credit vouchers attached to the statement if applicable?			
	g. Are CH Statements signed and dated by Cardholder and Approving Official?			
3.	Did the Cardholder consistently enter the purchases in the Purchase Card Buying Log?			
4.	Is the CH accessing policy information from the program website?			
5.	Does the Cardholder have a copy of his or her current Delegation of Procurement Authority on file?			
6.	Are all card requests entered into Ariba?			

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No.	Specific Review Criteria	Yes	No	N/A
E. Statement Review & Approval Requirements: Used to determine if statements are being reviewed and approved in a timely manner.				
1.	Are CHs accessing monthly statements online (www.citimanger.com)?			
2.	Does the Cardholder consistently reconcile his/her statement within 5 business days from end of billing cycle (28th of month)?			
3.	Does the Cardholder consistently provide his/her reconciled statement to the AO within 5 business days from billing cycle?			
4.	Are Cardholder statements and supporting documentation being retained for a minimum period of 3 years?			
F. Financial Compliance Requirements: Used to determine compliance with financial requirements including payment & reconciliation of invoice, 1099 tax reporting requirements and use of bulk funding.				
1.	Is the CH consistently providing a copy of the reconciled monthly statement to the finance office (unless done by AO)?			
2.	Is the Cardholder entering correct budget codes and/or account codes in log, when applicable, when completing the statement?			
3.	Did the Cardholder submit 1099 tax information to the Finance Office for all convenience check transactions (domestic only)?			
4.	Are CHs using bulk funding for routine purchases? If not, annotate reasons for not using on "Summary of Findings".			
G. Requirements for Purchases over $3,000: Used to determine proper use of card for transactions exceeding $3,000 per purchase.				
1.	Is there evidence of competition, and supporting documentation for transactions exceeding $3,000? If competition was not obtained, is there a valid sole source justification in the file?			
2.	Have domestic purchases exceeding $3,000 per transaction been set-aside for small businesses? If not set-aside, is there a valid justification in the file (domestic only)?			
3.	Did the Cardholder attempt to purchase from minority or women-owned businesses (domestic only)?			
4.	In the absence of competition, were prices determined by the Cardholder to be fair and reasonable (if applicable)?			
5.	Does the Cardholder's file contain appropriate FAR and DOSAR clauses and were appropriate representations and certifications provided to the vendor?			
6.	Is the Cardholder using the "Green Folder" (DS-3014) to document transactions exceeding $3,000 per purchase?			
7.	Is the Cardholder using the "White Folder" (DS-1919) to document delivery orders placed against Federal Supply Schedule (FSS) contracts?			
8.	Do individual Procurements over $25,000 comply with all applicable FAR and DOSAR requirements?			

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No.	Specific Review Criteria	Yes	No	N/A
H. Bureau or Post Profile Update Requirements: Used to determine if each Bureau or Post program participant information is current				
1.	Validation of General "Set-Up" Requirements			
	a. Does the Bureau or Post maintain a **current listing** of all Program Participants including Cardholders, Approving Officials, Designated Billing Official (s) and the Program Coordinator?			
	b. As part of this review, did the reviewer validate the Bureau or Post participant information including: correct names, current mailing addresses, phone numbers and other related profile information?			
	c. Have all AOs been formally established in the program hierarchy using the appropriate bank form?			
	d. Have all Designated Billing Officials (FMOs) been formally established under the program hierarchy? (This is critical in order for the bank to recognize the billing official).			
	e. Has the Program Coordinator been formally established in the program hierarchy using the appropriate bank form?			
2.	Validation of "Maintenance" Requirements (changes to participant information)			
	a. Are bank maintenance forms routinely processed for all closed CH accounts?			
	b. Are bank Maintenance forms routinely processed for all miscellaneous changes (routine changes not impacting CH's purchasing capability) such as changes to names, addresses, phone numbers.			
	c. Are bank Maintenance forms and "Toolkits" routinely processed for all CH "**non-routine**" changes (changes directly impacting CH's purchasing capability) including:			
	(1) Increase to CH's single or monthly purchase limits?			
	(2) Changes to CH's Merchant Category Codes or card blocks?			
	(3) Changes to CH's profile to add convenience checks (domestic only)?			
	(4) Changes to CH's Approving Official. (A Maintenance form is required to formally move a CH under another existing AO)?			
	(5) Other non-routine changes to CH profile information not noted above (identify nature of change)?			

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No.	Specific Review Criteria	Yes	No	N/A
I. Participant Training Requirements: Used to determine if Bureau/Post participants have met initial and refresher training requirements				
1.	**Initial Purchase Card Training and Testing (required prior to program participation):**			
	a. Have all new CHs successfully completed initial Purchase Card training and the related exam?			
	b. Have all new AOs successfully completed initial Purchase Card training and the related exam?			
	c. Have all new DBOs successfully completed initial Purchase Card training and the related exam?			
	d. Have all new PCs successfully completed initial Purchase Card training and the related exam?			
2.	**Refresher Training and Testing (Required every three years from participant's anniversary date in program):**			
	a. Have all existing CHs successfully completed refresher Purchase Card training and the related exam?			
	b. Have all existing AOs successfully completed refresher Purchase Card training and the related exam?			
	c. Have all existing DBOs successfully completed refresher Purchase Card training and the related exam?			
	d. Have all existing PCs successfully completed refresher Purchase Card training and the related exam?			
J. Validation of CH Spend Requirements: Used to validate each Cardholder's Single Purchase Limit (SPL) and Monthly Purchase Limit (MPL) to ensure they are valid and are based on both historical and projected usage.				
1.	Have all CH historical usage requirements been assessed for the annual review reporting period (normally 12 month FY period)?			
2.	Have all CH projected usage requirements been assessed for the next annual review reporting period (normally 12 month period)?			
3.	Have all CH SPLs and MPLs been validated against the historical usage requirements for the current annual review reporting period?			
4.	Have all CH SPLs and MPLs been validated against the projected usage requirements for the next annual review reporting period (normally 12 month FY period)?			

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No.	Specific Review Criteria			
		Yes	No	N/A
K. Convenience Checks Usage & Oversight: Used to determine if those Bureaus who utilize convenience checks are adhering to all applicable policies and procedures to ensure proper usage and oversight of the checks.				
1.	Is the CH adhering to all policies and procedures in use of the checks in accordance with the DOS convenience check policy and section A of this annual review regarding usage requirements?			
2.	Are the CH's checks kept adequately secured when not in use?			
3.	Is the CH maintaining adequate documentation in accordance with the DOS convenience check policy and Section D of this review for all checks written?			
4.	Is the CH adhering to statement review and approval requirements addressed in Section E of this annual review for all convenience check accounts?			
5.	Is the CH complying with all procurement requirements for use of convenience checks for purchases over $2,500 in accordance with Section G of this annual review (if applicable)?			
6.	Is there evidence in the file to demonstrate that the vendors used by the CH did not accept the Purchase Card and therefore use of convenience checks was necessary?			
7.	Does the CH have a continued need for the convenience checks based on "a" and "b" below?			
	a. What level of activity has the Cardholder had on his/her convenience checks over past 6 months?* *Convenience Check accounts with no activity for a 6 month period should be considered for cancellation.	No Usage	Low Usage	Med Usage	High Usage
	b. What level of activity has the Cardholder had on his/her convenience checks over past 12 months?* *Convenience Check accounts with no activity during a 12 month period should be cancelled unless otherwise needed.	No Usage	Low Usage	Med Usage	High Usage

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ATTACHMENT 2
SUMMARY OF FINDINGS

Bureau/Post _____   Date of Review _____

Program
Coordinator Name _____   Period Covered _____

Program
Coordinator Title _____   Total no. of CHs
                                                reviewed in sample _____

Total No. of
Cardholders at   *Percentage of
Bureau or Post   total CHs reviewed
_____   _____

                                                * # CHs reviewed
                                                  # total CHs

Summary of Findings
A. Findings Related to Card Usage Requirements: Used to determine proper use of Card by Cardholder

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Summary of Findings
B. Findings Related to Actual Card Activity: Used to validate continued need for each card.
C. Findings Related to Security Requirements: Used to determine if cards and related information are being properly safeguarded.

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Summary of Findings
D. Findings Related to Cardholder Documentation Requirements: Used to determine if purchases are supported by proper fiscal and purchase documentation.
E. Findings related to Statement Review & Approval Requirements: Used to determine if statements are being reviewed and approved in a timely manner.

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Summary of Findings
F. Findings related to Financial Compliance Requirements: Used to determine compliance with financial requirements including invoice payment & reconciliation, 1099 tax reporting requirements and use of bulk funding.
G. Findings related to Requirements for Purchases Exceeding $3,000: Used to determine proper use of card for transactions exceeding $3,000 per purchase.

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Summary of Findings
H. Findings related to Bureau or Post Profile Update Requirements: Used to determine if each Bureau or Post program participant information is current.
I. Findings Related to Initial and Refresher Training Requirements: Used to determine if participant has met initial and refresher training requirements.

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Summary of Findings
J. Findings related to Cardholder Spend Requirements: Used to validate each Cardholder's Single Purchase Limit (SPL) and Monthly Purchase Limit (MPL) to ensure they are valid and are based on both historical and projected usage.
K. Convenience Checks Usage & Oversight: Used to determine if those Bureaus who utilize convenience checks are adhering to all applicable policies and procedures to ensure proper usage and oversight of the checks.

Summary of Findings
Additional Findings, Comments, Recommendations or Best Practices (Continued)

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ATTACHMENT 3
CERTIFICATION OF COMPLETION OF PURCHASE CARD
ANNUAL REVIEW

The certification below must be completed by the Program Coordinator and retained in the file with the Purchase Card Annual Review Checklist (Attachment 1) and the Summary of Findings (Attachment 2) for a minimum period of three years.

_____
Reviewer (Program Coordinator, Print Name)

_____
Reviewer (Signature)

_____
Reviewer Title

_____
Reviewer Bureau or Post

_____
Date Review Completed

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APPENDIX B: POST COMPLIANCE WITH ANNUAL REVIEW REQUIREMENT IN FY 2013

Mission	Completed Review	Did Not Complete Review	Did Not Respond	N/A[12]
Abidjan		X		
Abu Dhabi		X		
Abuja		X		
Accra			X	
Adana	X			
Addis Ababa		X		
Algiers		X		
Amman	X			
Ankara	X			
Antananarivo		X		
Antwerp				X
Ashgabat	X			
Asmara		X		
Astana	X			
Asuncion		X		
Athens	X			
Baghdad	X			
Baku	X			
Bamako		X		
Bandar Seri Begawan			X	
Bangkok				X
Bangui		X		
Banjul		X		
Barcelona	X			
Beijing	X			
Beirut		X		
Belgrade	X			
Belmopan			X	
Berlin	X			

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[12] According to A/LM, posts marked "N/A" were not responsible for the annual review. These are cases were either the post rolled up to another business unit, or the post was part of another outside organization, such as NATO. OIG did not include data from these posts in Table 1 of the report.

Bern	X			
Bishkek	X			
Bogota	X			
Brasilia			X	
Bratislava	X			
Brazzaville		X		
Bridgetown	X			
Brussels	X			
Bucharest	X			
Budapest	X			
Buenos Aires			X	
Bujumbura	X			
Cairo		X		
Canberra	X			
Caracas	X			
Chengdu	X			
Chisinau	X			
Ciudad Juarez	X			
Colombo	X			
Conakry			X	
Copenhagen	X			
Cotonou	X			
Curacao			X	
Dakar	X			
Dar Es Salaam	X			
Dhaka	X			
Dili	X			
Djibouti	X			
Doha		X		
Dublin	X			
Dushanbe	X			
Florence	X			
Frankfurt	X			
Freetown		X		
Gaborone		X		
Geneva				X
Georgetown	X			
Guadalajara	X			

Guangzhou	X			
Guatemala	X			
Guayaquil				X
Halifax			X	
Hamilton	X			
Hanoi		X		
Harare		X		
Havana	X			
Helsinki	X			
Hermosillo	X			
Ho Chi Minh City		X		
Hong Kong		X		
Islamabad	X			
Istanbul	X			
Jakarta	X			
Jerusalem	X			
Kabul	X			
Kampala		X		
Karachi	X			
Kathmandu	X			
Khartoum		X		
Kigali		X		
		X		
Kinshasa		X		
Kolonia			X	
Koror			X	
Kuala Lumpur	X			
Kuwait	X			
Kyiv	X			
La Paz	X			
Libreville		X		
Lilongwe	X			
Lima	X			
Lisbon	X			
Ljubljana	X			
Lome		X		
London	X			
Luanda		X		

Lusaka	X			
Luxembourg	X			
Madrid	X			
Majuro			X	
Malabo		X		
Managua			X	
Manama		X		
Manila			X	
Maputo		X		
Maseru	X			
Matamoros	X			
Mazar-e-Sharif	X			
Mbabane		X		
Melbourne				X
Merida	X			
Mexico City	X			
Milan	X			
Minsk	X			
Monterrey	X			
Montevideo	X			
Montreal			X	
Monrovia	X			
Moscow	X			
Munich	X			
Muscat		X		
Nairobi		X		
Nassau			X	
Ndjamena		X		
New Delhi	X			
Niamey	X			
Nicosia	X			
Nogales	X			
Nouakchott	X			
Nuevo Laredo	X			
Oslo	X			
Ottawa			X	
Ouagadougou	X			
Panama			X	

Paramaribo		X		
Paris	X			
Perth				X
Phnom Penh			X	
Port Au Prince		X		
Port Louis		X		
Port Moresby			X	
Port of Spain	X			
Prague	X			
Praia	X			
Pretoria	X			
Pristina	X			
Quito	X			
Rabat		X		
Rangoon	X			
Reykjavik	X			
Riga	X			
Rio De Janeiro				X
Riyadh		X		
Rome	X			
San Jose		X		
San Salvador	X			
Sanaa		X		
Santiago			X	
Santo Domingo		X		
Sao Paulo				X
Sarajevo	X			
Seoul			X	
	X			
Shenyang	X			
Singapore	X			
Skopje	X			
Sofia	X			
St Petersburg	X			
Stockholm	X			
Suva			X	
Sydney				X
Taiwan	X			

Mission				
Tallinn	X			
Tashkent	X			
Tbilisi	X			
Tegucigalpa			X	
Tel Aviv	X			
The Hague	X			
Tijuana	X			
Tirana	X			
Tokyo	X			
Toronto				X
Tripoli		X		
Tunis	X			
Ulaanbaatar	X			
Valletta	X			
Vancouver				X
Vienna	X			
Vientiane			X	
Vilnius	X			
Vladivostok	X			
Warsaw	X			
Wellington		X		
Windhoek		X		
Yaoundé		X		
Yekaterinburg	X			
Yerevan	X			
Zagreb	X			

APPENDIX C: POST COMPLIANCE WITH ANNUAL REVIEW REQUIREMENT IN FY 2014

Mission	Completed Review	Did Not Complete Review	Did Not Respond	N/A[13]	Closed[14]

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[13] According to A/LM, posts marked "N/A" were not responsible for the annual review. These are cases where either the post rolled up to another business unit, or the post was part of another outside organization, such as NATO. OIG did not include data from these posts in Table 1 of the report.

[14] OIG did not include data from these posts in Table 1 of the report.

Abidjan		X			
Abu Dhabi		X			
Abuja		X			
Accra	X				
Adana	X				
Addis Ababa	X				
Algiers		X			
Amman		X			
Ankara	X				
Antananarivo		X			
Antwerp				X	
Ashgabat		X			
Asmara		X			
Astana		X			
Asuncion		X			
			X		
Baghdad		X			
Baku	X				
Bamako	X				
Bandar Seri Begawan			X		
Bangkok			X		
Bangui		X			
Banjul	X				
Barcelona	X				
Beijing			X		
Beirut		X			
Belgrade	X				
Belmopan			X		
Berlin	X				
Bern	X				
Bishkek	X				
Bogota	X				
Brasilia	X				
Bratislava	X				
Brazzaville	X				
Bridgetown			X		
Brussels	X				

Bucharest	X				
Budapest	X				
Buenos Aires			X		
Bujumbura		X			
Cairo		X			
Canberra			X		
Caracas	X				
Chengdu			X		
Chisinau	X				
Ciudad Juarez			X		
Colombo		X			
Conakry		X			
Copenhagen	X				
Cotonou		X			
Curacao	X				
Dakar		X			
Damascus					X
Dar Es Salaam		X			
Dhaka	X				
Dili	X				
Djibouti	X				
Doha		X			
Dublin	X				
Dushanbe		X			
Florence	X				
Frankfurt	X				
Freetown		X			
Fukuoka			X		
Gaborone		X			
Geneva				X	
Georgetown	X				
Guadalajara		X			
Guangzhou			X		
Guatemala	X				
Guayaquil			X		
Halifax			X		
Hamilton		X			
Hanoi	X				

Harare	X				
Havana			X		
Helsinki		X			
Hermosillo			X		
Ho Chi Minh City			X		
Hong Kong	X				
Islamabad	X				
Istanbul			X		
Jakarta	X				
Jerusalem	X				
Juba		X			
Kabul	X				
Kampala	X				
Karachi		X			
Kathmandu	X				
Khartoum		X			
Kigali	X				
Kingston			X		
Kinshasa	X				
Kolonia			X		
Koror			X		
Kuala Lumpur	X				
Kuwait		X			
Kyiv	X				
La Paz	X				
Libreville		X			
Lilongwe	X				
Lima	X				
Lisbon	X				
Ljubljana	X				
Lome		X			
London	X				
Luanda		X			
Lusaka		X			
Luxembourg	X				
Madrid	X				
Majuro			X		
Malabo	X				

Managua			X		
Manama	X				
Manila	X				
Maputo		X			
Maseru		X			
Matamoros			X		
Mbabane	X				
Melbourne					X
Merida			X		
Mexico City		X			
Milan	X				
Minsk		X			
Monterrey			X		
Montevideo	X				
Montreal			X		
Monrovia	X				
Moscow	X				
Munich	X				
Muscat	X				
Nairobi		X			
Nassau			X		
Ndjamena		X			
New Delhi	X				
Niamey	X				
Nicosia	X				
Nogales	X				
Nouakchott		X			
Nuevo Laredo			X		
Oslo	X				
Ottawa	X				
Ouagadougou		X			
Panama			X		
Paramaribo	X				
Paris		X			
Perth	X				
Phnom Penh			X		
Port Au Prince			X		
Port Louis	X				

Port Moresby	X				
Port of Spain	X				
Prague	X				
Praia	X				
Pretoria		X			
Pristina	X				
Quito		X			
Rabat		X			
Rangoon		X			
Reykjavik	X				
Riga	X				
Rio De Janeiro			X		
Riyadh	X				
Rome	X				
San Jose		X			
San Salvador	X				
Sanaa					X
Santiago			X		
Santo Domingo		X			
Sao Paulo			X		
Sarajevo	X				
Seoul	X				
Shanghai			X		
Shenyang			X		
Singapore	X				
Skopje	X				
Sofia	X				
St Petersburg	X				
Stockholm		X			
Suva			X		
Sydney			X		
Taiwan		X			
Tallinn	X				
Tashkent		X			
Tbilisi	X				
Tegucigalpa			X		
Tel Aviv	X				
The Hague		X			

Tijuana	X				
Tirana		X			
Tokyo			X		
Toronto			X		
Tripoli					X
Tunis		X			
Ulaanbaatar			X		
Valletta			X		
Vancouver			X		
Vienna		X			
Vientiane		X			
Vilnius	X				
Vladivostok		X			
Warsaw		X			
Wellington		X			
Windhoek		X			
Yaoundé	X				
Yekaterinburg	X				
Yerevan		X			
Zagreb	X				

RECOMMENDATIONS

Recommendation 1: The Bureau of Administration should require bureaus and posts to submit the results of annual purchase card reviews to allow the Bureau of Administration to monitor compliance. (Action: A)

Recommendation 2: The Bureau of Administration should update the Foreign Affairs Manual to identify the office within the Bureau of Administration that has responsibility for overseeing and administering the Department purchase card program. (Action: A)

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