

U.S. International Trade Commission

Management Letter: Purchase Card Transactions



OIG-ML-18-10

April 4, 2018



Office of Inspector General

The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains and publishes the Harmonized Tariff Schedule of the United States.

Commissioners

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UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

April 4, 2018

IG-QQ-007
OIG-ML-18-10

Chairman Schmidlein:

The purpose of this Management Letter is to bring to your attention several issues we found during the audit of the Commission's purchase card transactions.

The first issue involved two unauthorized commitments that were not properly ratified. An unauthorized commitment occurs when an employee, who lacks proper authority, enters into an agreement on behalf of the government. The Federal Acquisition Regulation has a procedure to ratify and approve unauthorized commitments, but also limits ratification to when the "contracting officer recommends payment and legal counsel concurs in the recommendation, unless agency procedures expressly do not require such concurrence."

The Federal Acquisition Regulation also states that the ratification procedure should not be used in a manner that encourages such commitments and that agencies should take actions to preclude, to the maximum extent possible, the need for ratifications.

During the audit, we found that a Commission employee entered into an agreement with a vendor to provide supplies and services without the authority to do so. When invoices for the work were received, the employee prepared form USITC Form 51, "Requisition for Supplies and Services" in order to pay the vendor. Both instances were ratified by the Office of Procurement. Because Commission procedures do not expressly address the role of legal counsel, the Office of Procurement should have obtained concurrence from the Office of General Counsel before ratifying these unauthorized commitments. When we contacted the Office of General Counsel, they stated they were not involved in the ratification process.

In addition, we found other unauthorized commitments by the same employee that were not ratified. This employee had a history of contacting a specific vendor on multiple occasions over a period of several years to obtain supplies and services. While the employee may have had a valid requirement, he should have used the proper procurement channels to fill these needs.

The second issue was that the Commission had a contract in place with another vendor to perform the work that was requested by this employee. The documentation for the ratification stated that the vendor under contract was unable to deliver in a timely matter, but we did not see any evidence of this in the contract file. On the contrary, there were forms in the file for exercising option years that stated the contractor was performing satisfactorily.

The Contracting Officer Representative is responsible for monitoring contractor performance to ensure the government receives the proper quality of services or products and that work is performed in accordance to the terms and conditions of the contract. If the contractor was unable to meet the performance levels identified in the contract, this should have been communicated to the Contracting Officer for resolution and documented in the contract file.

A final area of concern was a chain of e-mails between employees of the office requiring supplies and services. Many of the e-mails addressed potential problems with the requests for payment submitted by the employee for this vendor such as exceeding the micro purchase thresholds, appearance of a split-purchase, and even going outside of an existing contract for these services. One email stated that "they have been dinged two years straight for the same vendor and given a pass by Procurement". This seemed to indicate that the Office of Procurement was aware of on-going issues regarding this vendor and did not take the appropriate steps to resolve the underlying problem.

Each of these issues exemplifies a cultural problem at the Commission where a problem gets "fixed", but steps are not taken to prevent the same issues from happening again.

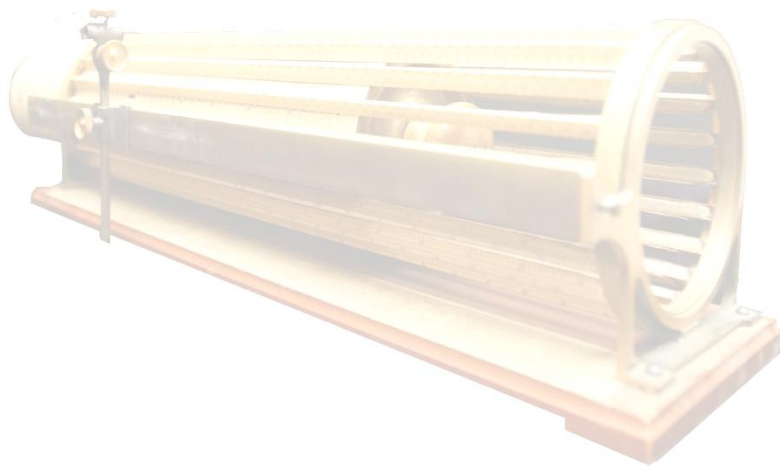
Recommendation:

1. The Commission develop a ratification process for unauthorized commitments that is consistent with Federal Acquisition Regulation requirements.
2. The Commission evaluate its contractual obligations for printer services and determine if corrective actions are necessary.

Sincerely,

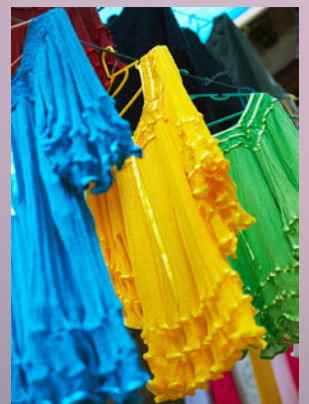
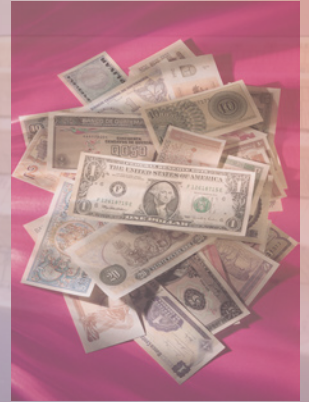


Philip M. Heneghan
Inspector General



“Thacher’s Calculating Instrument” developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to quickly perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.

To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission



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