



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-CGI-19-24

## What OIG Audited

The Government Purchase Card Program was created in the late 1980s as a way for Federal agencies to streamline the acquisition process by providing a low-cost, efficient way to obtain goods and services directly from vendors. As of September 30, 2017, the Department of State (Department) Purchase Card Program had 1,950 cardholders, and spending in FY 2017 was approximately \$110 million.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) Department purchase cardholders used their Government card only for purchases allowed by laws and regulations; (2) Department purchase cardholders recorded purchases, documented purchases, and reconciled monthly statements, as required by Department policy; and (3) the Department administered the Purchase Card Program in accordance with established policies.

## What OIG Recommends

OIG made five recommendations to the Bureau of Administration that are intended to strengthen internal controls over the Purchase Card Program.

On the basis of the Bureau of Administration's response to a draft of this report, OIG considers two of the recommendations closed and three recommendations resolved pending further action. A synopsis of the Bureau of Administration's comments to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. The Bureau of Administration's response to the draft report is reprinted in Appendix B.

March 2019

## OFFICE OF AUDITS

CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

## Audit of the Department of State Purchase Card Program

### What OIG Found

OIG found that Department purchase cardholders generally used their Government card for purchases allowed by laws and regulations. OIG selected 580 transactions for review from FY 2016 and FY 2017 and noted 17 exceptions. Specifically, OIG found that three purchases had been split into six separate transactions to circumvent micro-purchase limitations. In addition, OIG found 11 transactions in which convenience checks were inappropriately used to purchase catering services. The exceptions occurred, in part, because of a need to procure items quickly or confusion about Department policy. The typically appropriate use of the purchase card by Department cardholders can be attributed to internal controls established by the Purchase Card Program Office to monitor purchases, and OIG did not find any instances of cardholder fraud, waste, or abuse.

However, OIG found that purchase cardholders did not always record and document purchases or reconcile monthly statements in accordance with Department policy. OIG found that 157 of 580 (27 percent) transactions selected for review were missing 1 or more required documents. OIG also found 52 of 580 (9 percent) transactions in which cardholders did not provide evidence that monthly statements were reconciled. OIG concluded that the missing documentation and lack of evidence that monthly statements were reconciled were due, in part, to the fact that cardholders did not maintain required documents or did not document reconciliation efforts. Properly recording purchases and reconciling statements are important in detecting errors.

Lastly, OIG found that the Department generally administered the Purchase Card Program in accordance with policies. OIG found that cardholders and approving officials were properly trained and authorized to make purchases. In addition, 90 percent of the bureaus and posts had completed and certified their Annual Reviews, which is a new requirement introduced in FY 2017. As for the remaining 10 percent, failure to comply with the annual review and certification was generally attributed to the fact that the requirement had been implemented only recently. Nevertheless, it is important that all purchase card Program Coordinators certify that annual reviews are completed to ensure purchase card standards are consistently followed.