



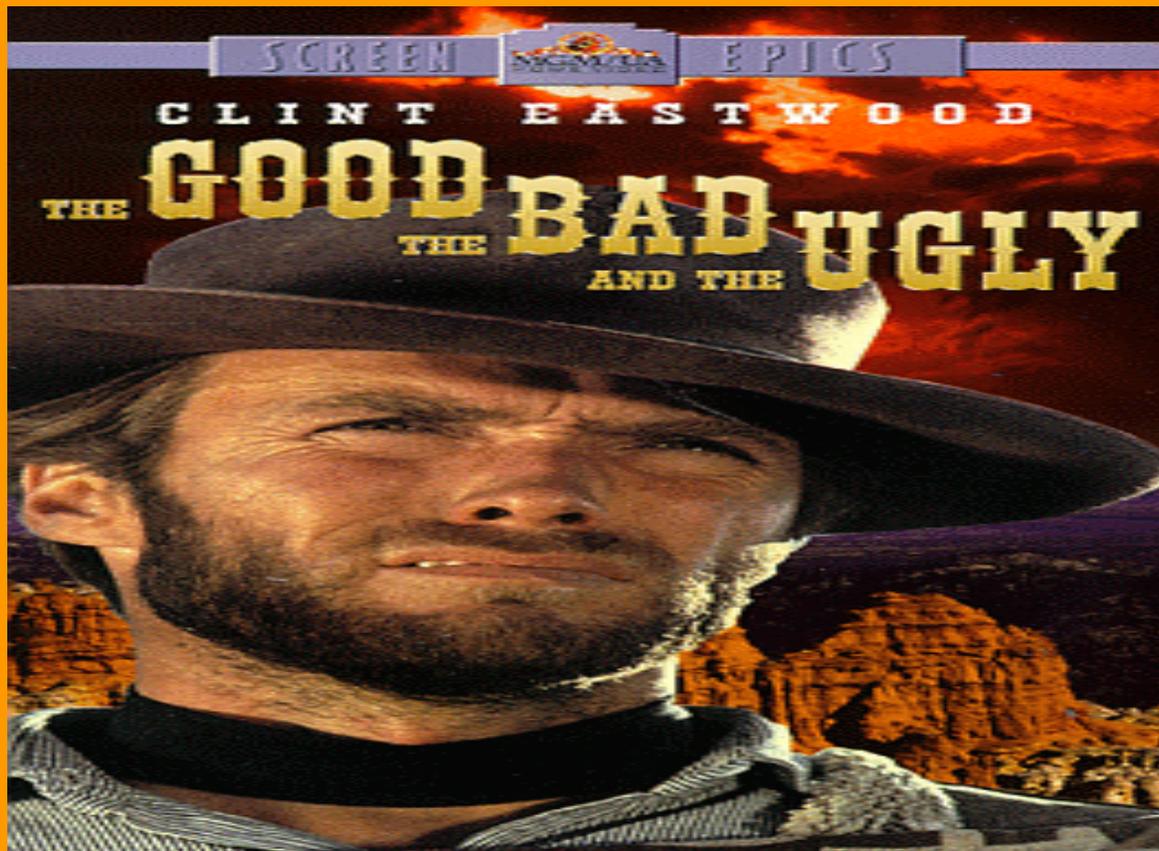
U.S. Department of Commerce
Office of Inspector General

**“Internal Controls Over
Bankcard Programs
Need Improvement”**

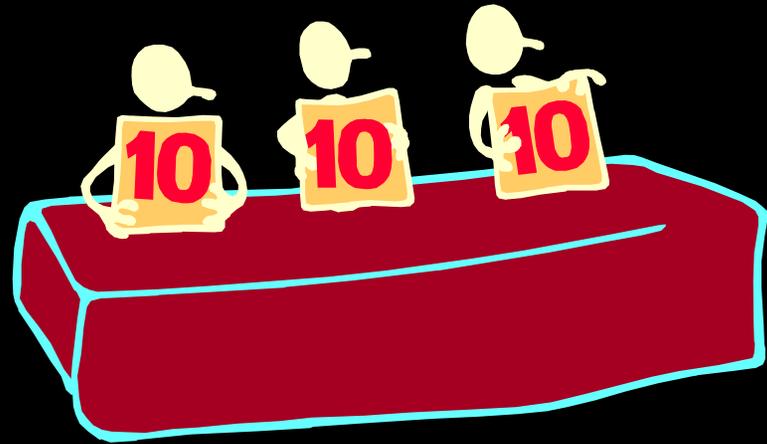
3 Recent OIG Audits with almost Identical Findings

**...if it's happening there,
it may be happening
in your area as well.**

Audit Results



The Good

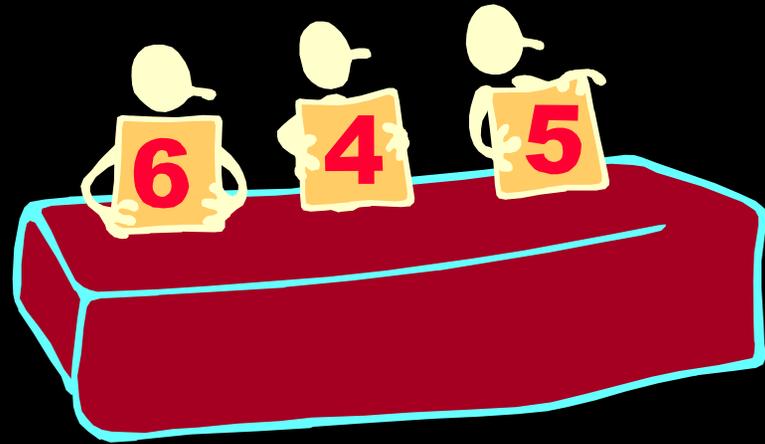


- ✓ Reduces administrative burden and cost
- ✓ Expedites and simplifies small purchases
- ✓ Reduces/Eliminates fraud and abuse
 - ✓ No evidence of misuse of funds

The Good (continued)

- ✓ Reduces time and effort ordering products
- ✓ Supports DOC's requirements for expanded use of Electronic Commerce
- ✓ Empowers field office staff to manage their purchases and payments needs
- ✓ Assists in meeting the Electronic Funds Transfer (EFT) provisions of the Debt Collection Improvement Act of 1996

The Bad



- ✓ Some cards issued have never been used
- ✓ Most cards were not kept in a secure place
 - Locked Drawer/Cabinet versus Wallet/Purse (Old CAM)
 - Handle like personal credit cards and cash (New CAM)
- ✓ Documented pre-approval not obtained
 - E-mail or initials on the log book versus verbal okay

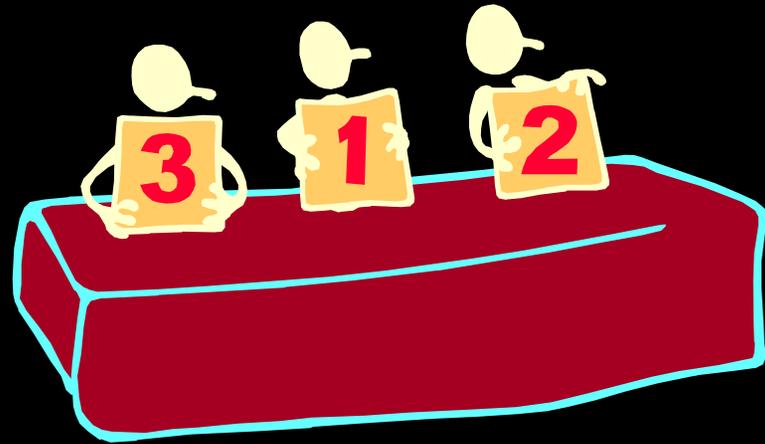
The Bad (continued)

- ✓ Approving officials did not maintain reports
- ✓ Approving officials did not ratify statement
- ✓ Finance offices not notified of qualified alternative approving officials. (memo)
- ✓ Statements not reconciled, posted, nor reviewed to meet prompt pay rules
- ✓ Sales tax exemptions not requested

The Bad (continued)

- ✓ 60-day limit exceeded to resolve disputes
- ✓ Priority order of mandatory sources of supply not being followed
- ✓ Certain special approvals not received
 - vehicle repairs, printing services, etc....see CAM
- ✓ Property not being shipped directly to servicing property section
 - emergencies can by-pass

The Ugly



- ✓ Cardholders allowed other employees and/or contractors to use their card or sign for purchases.
- ✓ Accounts not closed immediately after cardholder resigned or transferred.

The Ugly (continued)

- ✓ Purchase Card Order Logs not used nor contained a record of every transaction
- ✓ Records not retained for 24 months after the end of the fiscal year in which the transaction originally occurred
- ✓ Items over \$25,000 were purchased by splitting bankcard purchases
 - Use Form CD-435 instead
 - Increase spending limit authority

The Ugly (continued)

- ✓ Accountable property purchased:
 - ✓ not in inventory
 - ✓ could not be located
 - ✓ not properly recorded on statement
 - ✓ transferred to other areas outside of cardholder with no documentation
- ✓ did not have supporting Form CD-509, Property Transaction Request, completed
- ✓ not returned to contracting agency at the end of the project, if purchased under IAG/RTP

Corrective Actions



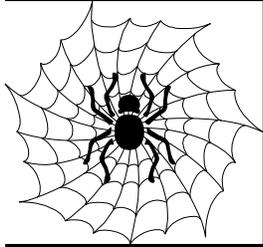
- ✓ Officials must ensure compliance with FAR, CAM, and other rules
- ✓ Share prior OIG audit results with cardholders
- ✓ Provide frequent training
- ✓ Review revised CAM
- ✓ Attend NOAA FMIC 2000

Delegations

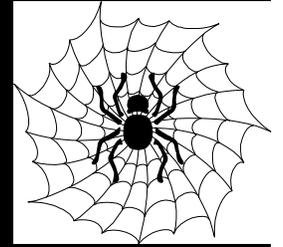
(All must ensure proper administration of the program)

- ✓ DOC Office of Acquisition Management
- ✓ DOC Bankcard Center (CBC)
- ✓ Heads of Contracting Offices
- ✓ Local Approving Officials
- ✓ Individual Cardholders





Resources Available



- ✓ **Federal Acquisition Regulation (FAR)**
<http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/13.htm>
- ✓ **Commerce Acquisition Manual (CAM)**
http://oamweb.osec.doc.gov/conops/PolicyPost/Policy/CAM/CAM_13-1.htm
- ✓ **Procurement Memorandum 95-23**
http://oamweb.osec.doc.gov/conops/PolicyPost/Policy/PM/pm_95-23.htm
- ✓ **Commerce Bankcard Center (CBC)**
<http://casc.noaa.gov/cbc/bankcard.html>