

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE OFFICE OF
INTERGOVERNMENTAL AND
EXTERNAL AFFAIRS' PURCHASE CARD
PROGRAM DID NOT COMPLY WITH
FEDERAL AND HHS REQUIREMENTS**

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Report in Brief

Date: April 2024

Report No. A-03-22-00500

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires agencies to establish and maintain safeguards and internal controls for their Government purchase card programs.

Additionally, HHS-OIG is required to conduct annual risk assessments of travel card programs to analyze the risks of illegal, improper, and erroneous purchases.

Under the provisions of the Charge Card Act, we performed a risk assessment of HHS's charge card program for Federal fiscal year 2017 and identified the Office of Intergovernmental and External Affairs (IEA) as having a high risk of inappropriate purchase card transactions.

Our objective was to determine whether IEA's purchase card program complied with Federal requirements.

How OIG Did This Audit

During calendar years 2020 and 2021 (audit period), IEA cardholders made 866 purchase card transactions totaling \$283,212, from which we judgmentally selected 50 transactions totaling \$104,169. We reviewed each selected transaction as well as the purchase card training records of all cardholders and approving officials.

The Office of Intergovernmental and External Affairs' Purchase Card Program Did Not Comply With Federal and HHS Requirements

What OIG Found

During our audit period, IEA's purchase card program did not comply with Federal and HHS requirements. Specifically, IEA cardholders purchased items that were prohibited or excessive and did not have supporting documentation for 44 of the 50 judgmentally selected purchase card transactions. Further, IEA did not properly account for purchases of sensitive items and allowed transactions to be made by cardholders after their last day of employment. In addition, IEA cardholders and approving officials did not complete required training.

These deficiencies occurred because IEA had inadequate internal controls and oversight over its purchase card program and did not comply with those internal controls. Further, because the controls were not adequate, IEA staff indicated that they were unaware of their responsibilities and requirements related to the purchase card program.

As a result, IEA's purchase card program had an increased risk of improper purchases, and \$93,495 in purchases may have constituted misuse of the purchase card.

What OIG Recommends and IEA Comments

We made several procedural recommendations, including that IEA create and maintain a centralized database to store supporting documentation for all purchase card transactions and remind approving officials to notify the Property Management Office when purchases of accountable property are made by IEA cardholders to ensure accountability and timely updating of property records. The detailed recommendations are in the report.

In written comments on our draft report, IEA agreed with all of our recommendations and described the corrective actions it has already taken or is planning to take. For example, IEA stated that it has created folders on its shared drive for each cardholder to store the supporting documentation for all approved purchases as well as folders for the training certificates for all cardholders and AOs. All cardholders were also notified about mandatory training and the established due date for certain training to be completed. We commend IEA for its cooperation throughout the audit as well as its ongoing efforts to improve the purchase card program.

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INTRODUCTION

WHY WE DID THIS AUDIT

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), enacted in October 2012, and implementing Federal guidance require agencies to establish and maintain safeguards and internal controls for their Government charge card programs.¹ Additionally, the Department of Health and Human Services (HHS), Office of Inspector General (OIG), is required to conduct annual risk assessments of purchase card programs to analyze the risks of illegal, improper, and erroneous purchases. The Charge Card Act also requires that OIG conduct a further review of agency programs that have been assessed as high risk.

Under the provisions of the Charge Card Act, we performed a risk assessment of HHS's charge card program for Federal fiscal year 2017 and identified the Office of Intergovernmental and External Affairs (IEA) as having a high risk of inappropriate travel card and purchase card transactions.² This report contains the results of our audit of IEA's purchase card program. We completed a review of IEA's travel card program in 2021.³

OBJECTIVE

Our objective was to determine whether IEA's purchase card program complied with Federal requirements.

BACKGROUND

Office of Intergovernmental and External Affairs

IEA, a Staff Division (StaffDiv) within the HHS Office of the Secretary, serves as HHS's liaison to State, Tribal, and local governments and non-governmental organizations. IEA serves the dual role of representing stakeholder perspectives in the Federal policymaking process as well as clarifying the Federal perspective to stakeholders.

¹ The Charge Card Act, P.L. No. 112-194 (enacted Oct. 5, 2012); Office of Management and Budget (OMB) Memorandum M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012," Sep. 6, 2013.

² *Letter to Office of Management and Budget Director To Meet Requirements of Government Charge Card Abuse Prevention Act of 2012 Regarding Agency Progress Implementing Recommendations on Charge-Card-Related Findings* (A-04-18-06225), issued Jan. 31, 2019.

³ [*The Office of Intergovernmental and External Affairs Needs To Improve Internal Controls Over Its Travel Card Program*](#) (A-03-19-00501), issued Nov. 18, 2021.

Purchase Card Program Requirements and Department Policy

Federal Requirements

All Federal Executive agencies must follow the Federal Acquisition Regulation (FAR) when acquiring goods and services with appropriated funds (FAR, 48 CFR chapter 1). Further, Federal regulations direct Executive branch agencies that use purchase card programs to establish procedures for the use and control of purchase cards (48 CFR § 13.301(b)). In 1998, the General Services Administration (GSA) established the GSA SmartPay Program, which allows Federal agencies to contract with major banks to obtain purchase cards to pay for goods and services up to the micro-purchase threshold (FAR § 13.301).⁴

The Charge Card Act addresses Government purchase expenses within the broader framework of its requirements for Government agencies to establish and maintain safeguards and controls for the administration of their charge card programs. Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, provides Charge Card Act implementation guidance. Both the Charge Card Act and OMB Memorandum M-13-21 also require Executive branch agencies to be aware of charge-card-related audit findings and to ensure that the findings are promptly resolved after completion of an audit.

HHS Policy

The HHS Office of Acquisition Program Support (OAPS) within the Office of Acquisition is responsible for managing the HHS purchase card program and monitoring the program's effectiveness.⁵ Within OAPS, the HHS Agency/Organization Program Coordinator (A/OPC), among other duties, coordinates with IEA and other HHS offices regarding implementation at their level of the departmentwide purchase card program. Previously in 2016, and during our audit period, the A/OPC resided in the Program Support Center.

The HHS *Purchase Card Program Guide Version 6.0 – July 2010* (Program Guide), which was in effect in the beginning of our audit period,⁶ established HHS policies and procedures for using the purchase card and managing the HHS Purchase Card Program. According to the Program Guide, the A/OPC is responsible for implementing and managing the HHS purchase card program, and the Program Guide defines the responsibilities of A/OPCs and approving officials (AOs), who work at the local office level. AOs are responsible for reviewing and approving

⁴ For calendar years 2020 and 2021 (audit period), the FAR established the micro-purchase threshold at \$3,000 (\$2,500 for services subject to the Service Contract Act and \$2,000 for construction). However, a cardholder's micro-purchase threshold can be increased if the increase is approved by the A/OPCs with appropriate justification.

⁵ Previously, the Office of Grants and Acquisition Policy and Accountability was responsible for managing the HHS purchase card program.

⁶ HHS issued Purchase Card Program Guide Version 7 in November 2021. There were no substantive changes to the sections applicable to this report.

cardholders' transactions under their purview to ensure that each transaction is legal, proper, mission-essential, and in accordance with purchase card policy.

Further, the HHS Financial Management Directives and Guidance (FMD&G) provides departmentwide financial management policies to OpDivs and StaffDivs. This guidance states that all accountable property, including sensitive items, should be identified with an HHS property tag.

HOW WE CONDUCTED THIS AUDIT

During calendar years 2020 and 2021 (audit period), IEA cardholders made 866 purchase card transactions totaling \$283,212, from which we judgmentally selected 50 transactions totaling \$104,169. We reviewed each judgmentally selected transaction to determine whether it complied with Federal and HHS requirements, including requirements for sensitive items if applicable, and had sufficient supporting documentation. Our audit also covered the review of purchase card training records for the 18 IEA purchase cardholders and the 4 AOs who worked at IEA during our audit period. We reviewed the purchase card training records of all cardholders and AOs to determine whether they completed all required purchase card program training.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains details of our audit scope and methodology.

FINDINGS

During our audit period, IEA's purchase card program did not comply with Federal and HHS requirements. Specifically, IEA cardholders purchased items that were prohibited or excessive and they did not have supporting documentation for 44 of the 50 judgmentally selected purchase card transactions. Further, IEA did not properly account for purchases of sensitive items and allowed transactions to be made by cardholders after their last day of employment. In addition, IEA cardholders and AOs did not complete required training.

These deficiencies occurred because IEA had inadequate internal controls and oversight over its purchase card program and did not comply with those internal controls. Further, because the controls were not adequate, IEA staff indicated that they were unaware of their responsibilities and requirements related to the purchase card program.

As a result, IEA's purchase card program had an increased risk of improper purchases, and \$93,495 in purchases may have constituted misuse of the purchase card.

IEA PURCHASE CARD TRANSACTIONS DID NOT COMPLY WITH HHS REQUIREMENTS

HHS Requirements

The Program Guide, Part I.E, requires cardholders to ensure that purchases are legitimate and that adequate funds are available and comply with restrictions in the prohibited purchases list and the list of products and services that require special attention. The Program Guide, Appendix C, Prohibited Purchase, provides a table of products and services that are prohibited purchases when using the purchase card. Among other things, the prohibited purchase list specifies that luxury items are prohibited and states that purchased items must meet the Government's minimum needs only.

In addition, the Program Guide, Appendix I, defines misuse as the use of a Government purchase card for other than official Government purposes and specifies that misuse includes purchases of authorized products or services at terms (e.g., price, quantity) that are excessive, that are for a questionable Government need, or that fail to follow purchase card policies and procedures.

IEA uses the Micro Purchase Service Request Form (Form HHS-755), to ensure the legitimacy of purchases and that all of the correct approvals are in place before purchase. The Form HHS-755 Service Request Type section includes a box to indicate whether the purchase is being made to meet an ergonomics or accommodations request as well as a justification box.

AOs are responsible for reviewing and approving the purchase card transactions of cardholders under their purview to ensure that the transactions are completed in accordance with the purchase card policy and are legal, proper, and mission essential.

IEA Cardholders Purchased Items That Were Prohibited or Excessive

Of the 50 judgmentally selected transactions, 2 were for items on the prohibited purchase list, and 3 transactions were for items of excessive price. Specifically, IEA used a purchase card account for one transaction for monthly parking and separately used another purchase card account for a toll account charge. Both transactions represent a travel-related expense and thus are included on the prohibited purchase list. The three purchase card transactions that we determined were excessive in price are described below.

Excessive Price Purchases

Two transactions were for the purchase of expensive wireless earbuds (two pairs for \$498 and one pair for \$199) and the third transaction was for the purchase of an expensive wireless headset (\$273). The Form HHS-755s for these transactions did not indicate that the purchases were made to meet a specific operational need requiring certain technical specifications or for an ergonomics or accommodation request.

The purchases of expensive wireless earbuds and a headset without sufficient justification could be considered luxury items, which are prohibited. Purchases made using the purchase card should be cost-effective. We did not see evidence that IEA considered more reasonably priced alternatives before making these purchases. Therefore, these purchases may constitute misuse of the purchase card program.

IEA PURCHASE CARD TRANSACTIONS DID NOT HAVE ALL REQUIRED SUPPORTING DOCUMENTATION

Federal and HHS Requirements

The Program Guide provides requirements for cardholders and AOs. Among other things, cardholders must verify that purchased items have been received, keep track of purchased items that have not been received, and review all transactions reported by the servicing bank and reconcile them with the corresponding purchase records. Cardholders must also maintain a file of all original records and documents related to purchases, including receipts, invoices, shipping documents, and any other documents related to the purchases. AOs are responsible for ensuring that the transaction has all of the necessary documentation for the approval of the purchase, verifying that cardholders maintain purchase card records, and ensuring that cardholders reconcile their monthly statements (Program Guide, Parts I.E and IV.A.17). Also, the FAR requires the cardholders to retain purchase card files for a total of 6 years after payment (FAR § 4.805).

Purchases made with the purchase card are generally exempt from State and local taxes. If merchants do not agree to deduct taxes from the purchase price, the cardholder may be required to provide the merchant with support to remove the taxes. If the merchant refuses to remove the tax and no other merchant is available, the cardholder may make the purchase and document the attempt to have the tax removed (Program Guide, Part IV.A.9).

The Program Guide, Part IV.A.2 states that a copy of the written pre-approval (Form HHS-755) must be retained in the purchase card file or in an electronic system that may be accessed for auditing purposes. The Form HHS-755 also requires the signature of the cardholder, the AO, and the funds certifier prior to the date of the purchase. In addition, all purchases for training for IEA staff must include a completed Authorization, Agreement, and Certification of Training form (SF-182).

IEA Cardholders Did Not Have Supporting Documentation for Most of the Purchase Card Transactions We Reviewed

Of the 50 purchase card transactions we reviewed, IEA cardholders did not have sufficient supporting documentation for 44 transactions totaling \$93,495.⁷ The remaining six transactions were fully supported.

⁷ These 44 transactions include the 5 transactions from our previous finding.

Of the 44 transactions, IEA did not provide any documentation for 4 transactions totaling \$8,830. For the remaining 40 transactions that included purchases for books, training, and office supplies, some transactions had multiple errors. Specifically:

- 31 transactions did not have a receipt or delivery confirmation,
- 25 transactions had a missing or incomplete Form HHS-755,
- 3 transactions had no documentation to support an attempt to remove sales tax, and
- 12 transactions had a missing or incomplete training form SF-182.

Examples of Unsupported Transactions

For one transaction, the purchase cost totaled \$4,750 for training. The Form HHS-755 had been signed by the AO but was not signed by the cardholder and the funds certifier prior to making the purchase, as required. In addition, there was no SF-182.

For another transaction, the purchase cost totaled \$4,284. However, the Form HHS-755 listed the cost as \$3,849 and was missing the cardholder's signature. In addition, the Form HHS-755 listed the purchase as "furniture," with no detailed description, receipt, or delivery confirmation that the goods ordered and charged to the purchase card were received.

For these 44 transactions, IEA incurred \$93,495 in purchase card expenditures that may have constituted misuse of the purchase card. When cardholders do not obtain and maintain adequate supporting documentation for transactions made using the purchase card, this increases the risk that they may make purchases that are not authorized by the agency, for which no funding exists, for personal consumption, or that are billed by the merchant but not received by the agency.

Appendix B contains a list of the types of documentation missing for each transaction.

IEA DID NOT ACCOUNT FOR SENSITIVE ITEMS PURCHASED BY CARDHOLDERS

Federal and HHS Requirements

The Program Guide, Part V.I, HHS Property Accountability Policy, states that cardholders and other personnel who purchase or receive sensitive items must report the property to their Property Management Office for assigning an individual number for tracking, inventory, and disposal. Property that must be reported includes property purchased by the cardholder with delivery scheduled at locations other than a central receiving facility. Sensitive items are defined as all items, regardless of the acquisition costs, that require special control and accountability due to unusual rates of loss, theft, or misuse.

IEA uses the “Sensitive Government Property” section of Form HHS-755 to indicate whether the items purchased should be classified as sensitive property.

The FMD&G, Volume IV, Chapter 1, states that offices are required to inventory all accountable and real property. To track accountable property and real property, offices must add assets to the physical inventory list on the asset’s placed in-service date. In addition, all accountable property, including sensitive items, should be identified with an HHS property tag.

IEA Did Not Identify and Report Sensitive Items

Of the 50 transactions we reviewed, 17 transactions totaling \$34,617 met the definition of a sensitive item based on the documentation IEA provided but were not identified as sensitive items in the “Sensitive Government Property” section of the Form HHS-755. The sensitive items included a display screen, wall mounts, camera, LCD touch screen, and video conference equipment. Further, we found that IEA did not report any of these 17 items to the Property Management Office and had not performed the required reporting of sensitive items since 2017. Reporting these types of purchases allows for proper tracking in HHS’s Property Management Information System (PMIS), an automated system for tracking personal property assets.

IEA cardholders and AOs indicated that they were not aware of how to properly complete the “Sensitive Government Property” section on the Form HHS-755. Further, IEA cardholders and AOs were not familiar with the HHS Property Accountability Policy and did not know the Property Management Office existed. Because IEA did not report purchases of sensitive items for tracking in the PMIS, there is an increased risk that these types of items—which require special control and accountability—may be lost, stolen, or misused.

IEA ALLOWED PURCHASES USING CARDHOLDER ACCOUNTS AFTER CARDHOLDERS DEPARTED FROM IEA

HHS Requirements

The Program Guide, Part I.E, states that AOs are responsible for reviewing and approving the purchase card transactions of cardholders under their purview to ensure that the transaction is legal, proper, mission essential, and in accordance with purchase card policy. AOs are also responsible for notifying the A/OPC of any cardholders who have transferred, retired, or terminated their employment; are absent without leave; are on extended leave (with or without pay); or have no further need of a purchase card. AOs must also notify the A/OPC before being reassigned or leaving the organization.

In addition, the Program Guide, Part II.B.1, states that cardholders anticipating retirement, resignation, or transfer should stop using the card far enough in advance of their separation date, if possible, to allow all outstanding transactions to be processed before their separation. The cardholder must give the AO any remaining receipts or other documents related to outstanding transactions. The AO is responsible for reconciling and processing all transactions

remaining outstanding when a cardholder departs the program. Further, the Program Guide, Part II.C.3, states that A/OPCs must terminate cardholder or AO accounts when that cardholder or AO transfers, retires, or otherwise separates from the organization.

Purchases Posted to Cardholder Accounts After Cardholders Departed

Purchase card accounts for employees who either retired or resigned from IEA were not properly closed before the employee's departure. Of the 18 IEA employees with purchase card accounts during the audit period, 2 retired employees had purchase transaction dates post to their purchase card accounts after their last days of employment. One cardholder had one purchase that was made at an electronics store 49 days after the cardholder had retired. The second cardholder had eight charges related to a newspaper subscription. Most of these transactions occurred more than 1 month after the cardholder's departure from IEA.

Cardholders are responsible and accountable for each transaction. By not notifying the A/OPC to deactivate these purchase card accounts as required by the Program Guide, IEA increases the risk of improper purchases being made, which could result in excessive costs to the Government.

IEA CARDHOLDERS AND APPROVING OFFICIALS DID NOT COMPLY WITH HHS TRAINING REQUIREMENTS

HHS Requirements

The Program Guide, Part III.A, states that all program participants must be trained in purchase card use and management prior to their appointment. Further, Part III.A.1 states that, to continue participating in the purchase card program, AOs and cardholders must receive refresher training annually. All participants must certify after completion of the basic training as well as refresher training that they have read, understand, and will abide by the policies and procedures for using a Government purchase card as set forth in Part II.A.1 of the Program Guide. Certification is documented by completing HHS Form 843. A/OPCs are required to maintain a centralized database that captures the training of all cardholders and AOs, including refresher training, for auditing purposes. Failure to take the required training will result in the suspension or revocation of the AO or cardholder account until training is complete.

IEA Purchase Cardholders and Approving Officials Did Not Complete Basic and Refresher Purchase Card Training

Of the 18 purchase cardholders and 4 AOs at IEA during our audit period, 6 cardholders did not complete the basic training in purchase card use and management prior to their

appointments.⁸ In addition, none of the cardholders and AOs completed the required refresher training.⁹ (See Appendix C for the cardholder and AO training requirements not met).

The purchase card training is intended to educate the cardholders and AOs about their responsibilities, including that they are to pay particular attention to asset accountability and receipt and acceptance of goods and services. The required annual refresher training, which no cardholder or AO completed, is intended to remind cardholders to maintain required documentation and remind AOs that they are responsible for verifying that cardholders maintain supporting documentation. Because they did not complete all required training, IEA purchase cardholders and AOs were less likely to be aware of their responsibilities related to the purchase card program. This lack of knowledge and understanding increased the risk that cardholders would make improper and unauthorized purchases and not maintain documentation as required.

NONCOMPLIANCE WITH FEDERAL AND HHS REQUIREMENTS RESULTED FROM INADEQUATE INTERNAL CONTROLS AND OVERSIGHT

Inadequate internal controls and oversight led to IEA's noncompliance with purchase card requirements. From our review, we determined that IEA did not design and implement controls so that all cardholders and AOs would complete the required purchase card training and cardholders would properly prepare the Form HHS-755. For example, IEA did not have established procedures to track the completion of purchase card training for cardholders, and AOs and did not routinely monitor purchases for sensitive items so they could be flagged and properly reported on the Form HHS-755 and in PMIS. In addition, IEA did not utilize an electronic centralized system for maintaining documentation to support purchase card activity and for maintaining cardholders' training certificates.

Given these control deficiencies, we noted that cardholders were not aware of documentation requirements, and AOs were not aware of their monitoring and oversight responsibilities. In particular, neither cardholders nor AOs ensured that the cardholders' statements were reconciled on a monthly basis. Additionally, the AOs did not notify the Property Management Office of accountable property purchases or provide the A/OPC with timely notification when a cardholder departed IEA. Having a system of internal controls in place—to enable AOs to track purchases, identify sensitive items, and verify that cardholders completed all required training—better positions IEA to provide adequate monitoring and oversight of the purchase card program to ensure compliance with the Program Guide.

⁸ Two AOs were also cardholders. Both AOs who were also cardholders completed the basic training course as required.

⁹ Of the 18 cardholders and 4 AOs, 13 cardholders (2 of whom were also AOs) and 2 AOs were required to take refresher training. The remaining five cardholders were not required to take the refresher training because, at the time of our audit, they had not been cardholders for 1 full year.

RECOMMENDATIONS

We recommend that the Office of Intergovernmental and External Affairs:

- create and maintain a centralized database to store supporting documentation for all purchase card transactions to align with Program Guide requirements;
- remind cardholders and AOs of the documentation and reconciliation requirements outlined in Federal and HHS requirements and provide them with a copy of the Program Guide as part of the annual refresher training process;
- remind AOs to notify the Property Management Office when purchases of accountable property are made by IEA cardholders to ensure accountability and timely updating of the property records in the PMIS;
- provide to all cardholders and AOs training that encompasses the requirements related to the purchase of sensitive items, including properly completing the HHS-755 and tracking purchases in the PMIS;
- remind AOs to provide timely notice of separated cardholders to the A/OPC and remind cardholders to contact their AO timely before separating so that all outstanding purchase card transactions can be processed and reconciled before separation from employment as part of the annual refresher training process; and
- work with the HHS A/OPC to create and maintain a centralized database as required by the Program Guide that captures the training certificates of all cardholders and AOs, including certificates for the annual refresher training.

IEA COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, IEA agreed with all of our recommendations and described the corrective actions it has already taken or is planning to take. We commend IEA for its cooperation throughout the audit as well as its ongoing efforts to improve the purchase card program.

For our first and sixth recommendations, IEA stated that it has created folders on its shared drive for each cardholder to store the supporting documentation for all approved purchases as well as folders for the training certificates for all cardholders and AOs.

For our second recommendation, the HHS A/OPC emailed all cardholders to notify them to take the mandatory training and to provide a copy of the training certificates. The Executive Director also sent an email to all cardholders and AOs, to notify them of the documentation and reconciliation requirements related to all purchases made. The email also included a reference to the initial and refresher training requirements outlined in the Program Guide.

For our third and fourth recommendation, IEA's Executive Director has implemented a June 5, 2024, deadline for all cardholders and AOs to complete PMIS and Personal Property Reconciliation training.

For our fifth recommendation, IEA created a "Departing Employee Checklist" that will be sent to employees once they provide official notice of departure from the agency. The checklist includes a section asking that each cardholder ensure that all supporting documents for all transactions are in the shared drive folder. The checklist also instructs that departing employees email the A/OPC to notify them of their impending departure from the agency.

IEA's comments are included in their entirety as Appendix D.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 866 purchase card transactions totaling \$283,212 incurred by IEA cardholders from January 1, 2020, through ending December 31, 2021, from which we judgmentally selected 50 transactions totaling \$104,169. Our audit also covered the 18 IEA purchase cardholders and the 4 AOs at IEA during this period.

We limited our review of internal controls to obtaining an understanding of IEA's processes for utilizing and monitoring purchase card usage and the submission of supporting documentation.

We performed our audit work from January 2022 to December 2023.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations, including HHS requirements and policy regarding purchase card usage;
- interviewed IEA officials to gain an understanding of IEA's policies, procedures, and guidance regarding purchase card usage and monitoring;
- analyzed the effectiveness of IEA's controls over its purchase card program based on our review of the applicable requirements, policies, and procedures;
- judgmentally selected 50 purchase card transactions totaling \$104,169 from the 866 total transactions made during the audit period using the following criteria:
 - the purchase was made on a Federal holiday,
 - the purchase was made on a Saturday or Sunday,
 - the purchase was made on a day when the cardholder was on leave,
 - the purchase included sales tax,
 - the purchase was for an item on the prohibited purchases list, or
 - the purchase was for an item associated with a questionable Merchant Category Code;¹⁰

¹⁰ We deemed a Merchant Category Code questionable if the description was for an item or service not usually associated with purchase card transactions. For example, we selected transactions with the descriptions "dentists/orthodontists" and "toll and bridge fees."

- analyzed the 50 judgmentally selected transactions to determine whether they were for sensitive items;
- obtained training records from IEA to determine whether IEA purchase cardholders and AOs completed required training; and
- discussed our findings with IEA officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: TRANSACTIONS WITH INSUFFICIENT SUPPORTING DOCUMENTATION¹¹

Transaction	Form HHS 755 Missing or Had Errors	Incomplete SF 182	No Vendor Invoice/ Receipt	Sales Tax Not Removed	No Proof of Delivery
T1	X		X		X
T2	No supporting documentation provided				
T3	X		X		
T7					X
T8					X
T9		X	X		X
T10			X		X
T11			X		X
T12	X		X		X
T13	X	X	X		X
T14	X		X		X
T15		X	X		X
T17	X	X	X		X
T18		X			X
T19		X	X		X
T20	X		X	X	X
T21			X	X	X
T22	X				X
T23					X
T24		X			X
T25	X			X	X
T27					X
T28		X			X
T29					X
T30					X
T32	X	X	X		X
T33	X	X			X
T34	X		X		X
T35	X		X		X
T36	X		X		
T37	X		X		
T38	X	X	X		X
T39	No supporting documentation provided				
T40	No supporting documentation provided				
T41	X		X		
T42	X		X		

¹¹ Transactions T4, T5, T6, T16, T26, and T31 were fully supported and are therefore not listed in the table.

Transaction	Form HHS 755 Missing or Had Errors	Incomplete SF 182	No Vendor Invoice/ Receipt	Sales Tax Not Removed	No Proof of Delivery
T43	X		X		
T44	No supporting documentation provided				
T45	X		X		
T46	X	X	X		
T47	X		X		X
T48	X		X		
T49	X				X
T50	X				X

An 'X' in a box denotes a finding in that area.

Requirements not applicable to the transaction are grayed out.

APPENDIX C: TRAINING REQUIREMENTS FOR CARDHOLDERS AND APPROVING OFFICIALS

IEA Staff (Cardholder/AO)	Basic Training Completed	Refresher Training Completed
C1	Yes	
C2	Yes	
C3	Yes	
C4	Yes	
C5	Yes	
C6	Yes	No
C7	Yes	No
C8	Yes	No
C9	Yes	No
C10	Yes	No
C11	Yes	No
C12	Yes	No
C13	No	No
C14	No	No
C15	No	No
C16	No	No
C17	No	No
C18	No	No
AO19		No
AO20		No

C1-C18 are cardholders, AO19-AO20 are AOs, and C6 & C8 are both cardholders and AOs.
 Requirements not applicable to the cardholders/AOs are grayed out.

APPENDIX D: IEA COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary
Washington, D.C. 20201

March 19, 2024

To: Amy J. Frontz
Deputy Inspector General for Audit Services

From: Ashley Ortiz, Executive Officer
Office of Intergovernmental and External Affairs

Ashley R. Ortiz -S
Digitally signed by Ashley R.
Ortiz -S
Date: 2024.03.19 16:19:12 -04'00'

Subj: IEA Response to OIG Draft Report: *The Office of Intergovernmental and External Affairs' Purchase Card Program Did Not Comply With Federal and HHS Requirements*, A-03-22-00500

The audit of IEA's Purchase Card Program transactions during calendar years 2020 and 2021 was initiated in FY2022. I was the Acting Executive Officer of IEA, since October 2022 and current Executive Officer for IEA, since November 2023, I have worked closely with the OIG team to respond to questions and provide documentation to the best of my ability.

Since the acting role as Executive Officer in 2022 I have been implementing significant changes from the recommendations provided by OIG to ensure IEA is improving record keeping, annual purchase card training for all cardholders, and notifying the Property Management Office when purchases of accountable property are made by IEA cardholders to ensure accountability and timely updating of the property records in the PMIS. All cardholders will be trained in PMIS and have access to the system by June 5th, 2024. The changes that have been implementing since FY22 are mentioned in detail below:

The responses below are based on IEA's role as an Acting Executive Officer from 10/1/22 and accepting a permanent position as IEA's Executive Officer on 11/19/2023.

RECOMMENDATIONS

We recommend that the Office of Intergovernmental and External Affairs:

- create and maintain a centralized database to store supporting documentation for all purchase card transactions to align with Program Guide requirements.

IEA agrees with the recommendation and IEA's Record Keeping was established by creating a folder on shared drive for each cardholder to provide supporting documentation for all purchase card transactions. The Executive Officer sent a detailed email to all cardholders on 8/18/23 explaining how to locate the folder and what supporting documentation needed to be saved. Here is the email that was sent:

IEA needs to have a record of all the supporting documentation for all approved purchases.

Record Keeping – On shared drive locate the “Purchase Cardholders” folder and click on folder with your name on it.

- Inside each folder there are separate folders for each FY.
- Save the following documents under each FY folder:
 - Invoice
 - Receipt
 - Delivery Confirmation (saved Email)
 - Documentation item was received (email or photo of package slip)
 - Completed 755 Micro Purchase form with all 3 approval signatures (Attached for reference)
 - Template Purchase Card Tracking Log (attached for reference)

- remind cardholders and AOs of the documentation and reconciliation requirements outlined in Federal and HHS requirements and provide them with a copy of the Program Guide as part of the annual refresher training process;

IEA agrees with the recommendation. OAMS hired a new A/OPC, who manages IEA’s Government Purchase Card (GPC) Program. The A/OPC sent out an email to all IEA Cardholders to take mandatory training and to provide a copy of training certificates. For the AO’s they requested for a new signed HHS 847 -Request for New Purchase Card Approving Official be completed with all cardholders and limits.

The Executive Officer also sent out an email on 8/18/23 that reminded cardholders and AO’s of the documentation and reconciliation requirements. In this email, the Program Guide was also provided as a reference.

- 1) **Purchase Cardholder Certificates** – On the shared drive there is another folder named, “Purchase Cardholder Certificates.”

- All the documents you sent to OAMS, please also save in this folder.

Important Reminders

- 1) Cardholders must have a supporting 755 Micro Purchase form with all 3 signatures, or it will be considered an unauthorized purchase.
- 2) Ensure all purchases are entered into MACCS: [REDACTED]
- 3) All MACCS Log Entries are “Matched” in a timely manner.
- 4) All cardholders should have government accounts for Staples Advantage and Office Depot.

- remind AOs to notify the Property Management Office when purchases of accountable property are made by IEA cardholders to ensure accountability and timely updating of the property records in the PMIS;

IEA agrees with the recommendation. After the audit was completed, the Executive Officer was informed of the responsibility of notifying the OS Property Management Office and contacted the HHS Purchase Card Program at [REDACTED] to request the IEA Asset Management Verification list in January of 2023. The Executive Officer received

an outdated list on 3/21/23 from OIG with employees who were employed with IEA back in 2018. According to the report, the National Property Manager Officer generated the reported and the Executive Officer responded to inquire how to get the list updated. The Executive Officer provided an updated list to OS Property Manager with current cardholders on 8/11/23. The OS Property Manager provided the PMIS Training calendar schedule on 1/30/2024. The Executive Officer will send all cardholders the schedule COB 3/15/24 with a deadline of June 5th to complete the Property Management Information System (PMIS) Training for IEA to comply with this recommendation.

- provide to all cardholders and AOs training that encompasses the requirements related to the purchase of sensitive items, including properly completing the HHS-755 and tracking purchases in the PMIS;

IEA agrees with this recommendation. The Executive Officer will be providing all cardholders and AO's the FY 2024 Training Calendar with a deadline of June 5th for everyone to complete the PMIS Training and Personal Property Reconciliation Training to comply with this recommendation. All cardholders were sent a detailed email starting on 8/18/23 explaining the new record keeping process that was established and attached were the following documents, HHS-755, HHS-755 Micro-Purchase Service Request Instructions document, Tax Exempt Certificate from PSC, CAN's and OC Code Excel Spreadsheet, and the cheat sheet The Executive Officer created outlines step by step the IEA Purchase Card Process in IEA. This reminder is sent out quarterly to all Purchase Cardholders and Approving Officials.

- remind AOs to provide timely notice of separated cardholders to the A/OPC and remind cardholders to contact their AO timely before separating so that all outstanding purchase card transactions can be processed and reconciled before separation from employment as part of the annual refresher training process; and

- work with the HHS A/OPC to create and maintain a centralized database as required by the Program Guide that captures the training certificates of all cardholders and AOs, including certificates for the annual refresher training.

IEA agrees with this recommendation. The Executive Officer created a "Departing Employee Checklist" on 9/20/23 that is sent to employees once they give their official notice that outlines who they should contact on the Operations and Management Team. The Executive Officer is the POC for Purchase Cardholders and Approving Officials.

Departing Employee Check List:

Contact Executive Officer

- PMAP – Close out PMAP with supervisor and provide rating in USA Performance
- Purchase Card – Please ensure all Approved Micro Purchase forms and supporting documents on the Shared Drive in the Purchase Cardholder folder. If you haven't already, please email [REDACTED] to notify them you will be departing IEA and no longer a purchase cardholder. They may have you destroy the card and not turn it in.
- PIV Card – Turn in to the Executive Officer

Contact Administrative Officer:

- ITAS – Provide the date of your last day.
- PSC GO Card – Contact PSC at [REDACTED] to notify them of your last day and to close your account.
- Departing User Ticket in Service Now to identify your last day to shut down email address and to request to have assets collected.
- Assets – Please let the Administrative Officer know where you will be leaving your assets. (Computer/Cell phone/Web Cam/Etc.) You can leave them with the Administrative Officer or Executive Officer. OCIO will remove the assets from the billing report and collect assets based on the Service Now ticket entered. If you want to get boxes shipped to you and you drop them off at a local UPS store, please provide that address, so OCIO can send the appropriate boxes for shipping.

Contact the Lead FATA:

- IBA Travel Card:
 - 1) Check Citi Manager account site to make sure the IBA account holder doesn't have a balance remaining on the IBA.
 - a. If balance remaining, the IBA needs to be paid in full prior to departure.
 - i. Account Holder can go online to make immediate payment or schedule payment arrangement
 - 2) Mark IBA account closed, when balance is zero.
 - 3) Advise IBA account holder to discard/cut up card to avoid unintentional use.
 - a. If in the office, the IBA account holder should provide you with the IBA Charge Card for you to destroy.

The IBA account holder should be made aware of account status in writing and request email back for confirmation to close out.

IEA agrees with the second recommendation provided as well. As mentioned in previous response, the Executive Officer has created IEA's Record Keeping by creating a folder on IEA's shared drive for each cardholder and Approving Official to provide supporting documentation for all purchase card transactions. The Executive Officer sent a detailed email to all cardholders on 8/18/23 explaining how to locate the folder and what supporting documentation needed to be saved. There is a folder for HHS Purchase Cardholder Certificates for all cardholders to save annual refresher trainings.