

AUDIT REPORT
12-18

**Audit of Controls over
GPO's Fleet Credit Card Program**

September 28, 2012

Date

September 28, 2012

To

Director, Acquisition Services

From

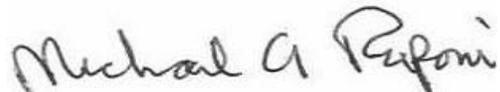
Inspector General

Subject

Audit Report – Audit of Controls over GPO’s Fleet Credit Card Program
Report Number 12-18

Enclosed please find the subject final report. Please refer to the “Results in Brief” for the overall audit results. Our evaluation of your response has been incorporated into the body of the report. We consider management’s comments responsive to the recommendations. The recommendation is resolved and will remain open pending our verification of the completion of the agreed upon corrective actions.

We appreciate the courtesies extended to the audit staff. If you have any questions or comments about this report, please do not hesitate to contact me at (202) 512-0039.



Michael A. Raponi
Inspector General

Enclosure

cc:

Acting Public Printer
Assistant Public Printer, Operations
General Counsel

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Office of Inspector General

Report Number 12-18

September 28, 2012

Audit of Controls over GPO's Fleet Credit Card Program

Introduction

Fleet credit cards are used to purchase fuel and minor vehicle repairs and maintenance related to fleet vehicles owned and leased by GPO. GPO's Office of Acquisition Services (Acquisition Services) administers GPO's Fleet Credit Card Program, which includes a total of 19 fleet credit cards. For the first quarter of FY 2012, GPO charged \$14,416 for 39 GPO-owned and three GPO-commercially leased vehicles. Fuel cost for GSA-leased vehicles is included in the lease agreement.

The OIG initiated this audit to determine if controls over fleet credit cards were adequate and if charges were for allowable and appropriate expenses.

Results in Brief

In an effort to strengthen internal controls over fleet credit cards, Acquisition Services is developing a draft management directive. While the draft management directive generally contained effective control processes and procedures, it was not finalized. This delay has resulted in a weak control environment and breakdowns in key internal controls which leaves GPO vulnerable to potentially improper purchases.

For example, officials were not reviewing, approving, and reconciling monthly charges. Separation of duties was not in place for the GPO Citibank Wright Express (WEX) cards. Periodic assessments had not been performed and fleet credit cardholders had not received training. For nine percent of transactions we sampled, documentation for fleet credit card charges was not maintained or readily available for an estimated \$1,027 worth of charges. For 12 out of 263 transactions, charges were incurred for unauthorized premium grades of fuel totaling \$643.

Recommendation

We recommend that the Director for Acquisition Services mitigate risks of potentially improper purchases by completing and implementing a written management directive and standard operating procedure to address goals and objectives for the Fleet Credit Card Program.

Management's Response

Acquisition Services concurs with the recommendation to mitigate the risk of potentially improper purchases by completing and implementing a written management directive and standard operating procedure to address goals and Fleet Credit Card Program objectives and corresponding procedures. Procedures shall include instructions similar to those listed on GSA's website which provides guidance for using the fleet card. The complete text of management's response is in Appendix B.

Background

GPO's fleet credit cards may be used to purchase fuel and authorized maintenance for GPO-owned and commercially-leased vehicles. Acquisition Services administers GPO's 19 fleet credit cards. As of December 2011, US Bank issued 17 fleet credit cards for GPO-owned and GPO-commercially leased vehicles. GSA issued two Citibank WEX fleet credit cards directly to GPO employees for GSA-leased vehicles.

Federal agency purchase card programs operate under a government-wide GSA SmartPay2 master contract. Through the GSA Smartpay2 Program, GPO contracted with US Bank-Voyager Fleet credit cards for US Bank to issue and cancel GPO fleet credit cards; modify individual credit card limits; track individual card charges; issue monthly bank statements; establish individual card restrictions; and submit invoices to GPO for payment for the GPO-owned and GPO-commercially leased vehicles. In fiscal year (FY) 2011, GPO spent \$58,610.74 on fuel, car washes, and maintenance using its US Bank-Voyager Fleet credit cards. For the first quarter of FY 2012 (October to December 2011), GPO charged \$14,416 for fleet credit card purchases.

Citibank WEX provides the same fleet credit card services as US Bank. The Citibank WEX fleet credit cards are assigned to an individual GSA-leased vehicle and can only be used for that vehicle.

The audit fieldwork was conducted from July 2011 through May 2012, at the GPO Central Office in Washington, D.C. To achieve our objective, we conducted interviews with GPO fleet credit cardholders, Acquisition Services personnel, Office of Finance personnel, US Bank officials, and GSA representatives. We reviewed related laws, regulations, and GPO management directives. We sampled 140 from a total of 263 fleet credit card transactions from October through December 2011 to determine if controls were adequate and if charges were for allowable and appropriate expenses, including the grades of fuel purchased.

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 objective. Our objective, scope, and methodology are detailed in Appendix A

Results and Recommendation

While GPO's draft management directive generally addressed processes and procedures, it was not finalized. The absence of an infrastructure, such as a management directive and standard operation procedures, to oversee the Fleet Credit Card Program exposes GPO to increased risk of potential loss of assets.

Our audit also disclosed the absence of key controls. For example, officials were not reviewing, approving, and reconciling monthly charges. Separation of duties was not in place for the GPO Citibank WEX cards. Periodic assessments had not been performed and fleet credit cardholders had not received training. Documentation for fleet credit card charges was not always maintained or readily available for \$1,027 worth of charges in the first quarter of FY 2012. We also noted charges were incurred for unauthorized premium grades of fuel for twelve purchases totaling \$643.

Overall Control Environment Contributed to the Breakdown in Key Fleet Credit Card Program Controls

Acquisition Services has not established an effective internal control environment to manage its Fleet Credit Card Program. Specifically, for the last year, Acquisition Services did not finalize its management directive and standard operating procedures that detailed the internal control policies and procedures that must be followed.

As a result, key controls applicable to the Fleet Credit Card Program were not always in place. For example, Acquisition Services lacks key controls such as:

- Reviewing, approving, and reconciling monthly charges.
- Segregation of duties.
- Periodic assessments.
- Fleet credit card training.
- Maintaining documentation for all fleet credit card transactions.
- GSA authorization for premium grades of fuel.

As a legislative branch agency, GPO is not required to follow any OMB circulars, including OMB Circular Number A-123 "Management's Responsibility for Internal Control" or its appendixes. OMB Circular A-123, Appendix B, prescribes policies and procedures to agencies regarding how to maintain internal controls that reduce the risk of fraud, waste, and abuse in Government charge card programs and requires that agencies identify specific risks with charge card programs and implement internal controls to mitigate these risks to the greatest possible extent. Circular A-123, Appendix B, also requires charge card managing officials to perform transaction analysis and program trends in managing costs and other relevant indicators of a credit card program's performance.

GPO Directive 825.18A, "Internal Control Program," dated May 28, 1997, requires GPO managers to maintain, continuously monitor, and improve effective systems of accounting and management control related to their programs through the performance of vulnerability assessments and internal control reviews.

Key Controls over the Fleet Credit Card Program Need Strengthening

Our audit disclosed officials were not reviewing, approving, and reconciling monthly charges. Also, separation of duties associated with the two Citibank WEX fleet credit cards was not applied. Periodic assessments have not been performed and training has not been provided to fleet credit cardholders. Officials do not keep supporting documentation for all transactions and allowed unauthorized purchases for premium gas.

Reviewing, Approving, and Reconciling Monthly Charges. Reviews of purchases and reconciliations of billing statements are important control measures for the Fleet Credit Card Program. By reviewing information on fleet credit card purchase receipts, such as the dates and amounts of the purchases, vehicle license numbers, vendor names and addresses, the products purchased, and reconciliations to bank statements, officials can ensure that fleet credit card charges are valid and accurate before they are certified for payment.

Acquisition Services receives the monthly US Bank statements that identify individual transactions by fleet credit card number and summarizes the monthly expenses by GPO cost code. Acquisition Services sends a copy of the bank statements to the Office of Finance for payment, but does not send copies to the cardholders for review and payment approval. Each cardholder maintains a daily log of all fleet credit card transactions along with the related transaction receipts. None of the cardholders has received a US Bank fleet credit card statement from Acquisition Services or has been requested to verify and approve fleet credit card charges until this audit. As a result, every month GPO pays the US Bank without verification of the charges and approval for payment from the cardholder.

GSA issues a lease to GPO for every GSA-leased vehicle. Each lease has a fixed monthly payment that includes the cost of leasing the vehicle, gas, repair, and maintenance. GPO receives a monthly bill from GSA that does not identify the individual charges for the month; just a lump sum payment request. Acquisition Services was unaware that the monthly GSA bill included the fleet credit card charges. We were told Acquisition Services did not develop a separate budget for the Citibank WEX cards and does not track or verify the Citibank WEX fleet credit card charges.

Segregation of Duties. GPO Citibank WEX cardholders manage their own fleet credit cards by making changes to their accounts through GSA without notification, review, and approval by Acquisition Services. For example, the cardholders can establish and monitor fuel, maintenance purchase exceptions, and account notifications from GSA. However, Acquisition Services told us it has no access to these accounts.

The GAO Internal Control Standards states that the key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. Segregating duties entails separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling related assets.

Periodic Assessments of the Fleet Credit Card Program. Periodic assessments such as performing transaction analysis and program trends had not been performed. Acquisition Services did not monitor or direct the cardholders to monitor GPO's Fleet Credit Card Program through periodic assessments to ensure that fleet credit cards were used efficiently and cost-effectively.

As of July 2011, Acquisition Services had issued the Chief, Operations Support Division seven fleet credit cards. The Chief, Operations Support further delegated responsibility for each card to the Branch Managers (Pipe, Electric, Paint, Building Services, Power, and Garage) and used one fleet credit card as a spare. During our interview with Operations Support personnel and a review of the FY 2011 bank statements, we found they only needed three fleet credit cards because there was no activity on the other four cards during the year.

Acquisition Services did not perform periodic reviews of its cardholder information to ensure its accuracy and completeness. For example, Acquisition Services processes all of the GPO requests for GPO- and GSA-leased vehicles and there are different managers for each program. GSA issues the Citibank WEX fleet credit cards directly to the GPO cardholder for GSA-leased vehicles and the fleet credit card Program Manager was not notified when a card has been issued. We found that GSA issued two Citibank WEX fleet credit cards directly to GPO cardholders without the fleet credit card Program Manager's knowledge. The fleet credit card Program Manager does not know the total number of Citibank WEX cards issued to GPO and the names of the GPO Citibank WEX cardholders.

Fleet Credit Card Training. Acquisition Services did not ensure fleet credit cardholders and users receive training. Adequate, appropriate, and timely training provides guidance to fleet credit cardholders and users to ensure uniformity in the uses of GPO's fleet credit cards and compliance with laws, regulations, policies, and procedures.

Documentation for Fleet Credit Card Charges Not Always Maintained or Readily Available. Our sampling of fleet credit card charges during the period October through December 2011, showed 13 out of 140, nine percent, of transactions could not be supported based upon available documentation. When asked to provide documentation supporting each of the below purchases, officials were not able to provide invoices, receipts, written justifications, evidence of approvals, or any other type of support for the purchases made. Table 1 depicts the detailed results of the charges.

Table 1. Detailed Charges Identified on Monthly Statements -Unsupported Charges from October 2011 to December 2011

Number	GPO Department	Card Number	Purchase Date	Statement Description	Purchase Amount
1	Messenger Section	100012	10/7/2011	Fuel - Unleaded	\$53.19
2	Messenger Section	100012	10/7/2011	Fuel - Unleaded	\$60.36
3	Messenger Section	100012	10/12/2011	Fuel - Unleaded	\$46.39
4	Messenger Section	100012	10/18/2011	Fuel - Unleaded	\$49.93
5	Messenger Section	100012	10/24/2011	Fuel - Unleaded	\$38.76
6	Messenger Section	100012	10/28/2011	Fuel - Unleaded	\$46.44
7	Messenger Section	100013	10/26/2011	Fuel - Unleaded	\$45.00
8	Messenger Section	400011	11/18/2011	Fuel - Unleaded	\$49.75
9	Messenger Section	400011	11/29/2011	Fuel - Unleaded	\$47.65
10	Messenger Section	400013	11/28/2011	Fuel - Super Unleaded	\$50.00
11	Environmental Services - Police Department	400022	12/2/2011	Fuel - Super Unleaded	\$46.01
12	Plant Operations	400005	11/2/2011	Car Wash	\$24.50
13	Plant Operations	400005	12/9/2011	Car Wash	\$19.50
Total					\$577.48

The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government," November 1999, provides the overall framework for establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk of fraud, waste, abuse and mismanagement. Among the five standards for internal control is "Control Activities," which help ensure that management's directives are carried out. Examples of control activities include (among others)

appropriate documentation of transactions and internal control, which is defined as:

Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

Based on a statistical sample, we estimate that for the first quarter of FY 2012, documentation for fleet credit card charges worth \$1,027 were not always maintained or readily available. If this amount were multiplied by the three remaining quarters, it could result in \$4,108 worth of unsupported charges.

Charges for Premium Grades of Fuel. Acquisition Services did not always ensure that premium grades of fuel were authorized. Our examination of all charges incurred during the first quarter of FY 2012 disclosed that 12 out of 263 charges or approximately eight percent were incurred for premium grades of fuel. Table 2 depicts the detailed results of the charges. We were told the premium grades of fuel were needed for older vehicles and maintenance equipment. However, no authorization or documentation was available to support the charges.

GSA requires that each fleet credit card only be used to make purchases for the specific GSA-leased vehicle to which the card has been assigned. In general, the fleet credit card may be used to purchase: regular unleaded self-service gasoline (with some exceptions), minor maintenance under \$100 without prior approval (oil, fluids), and maintenance over \$100 with prior GSA approval (tires, batteries, vehicle body work).

The GSA Smartpay 2 program requires fleet credit cardholders to only make authorized purchases for fuel, minor maintenance, and repairs of agency-owned and commercially leased vehicles. GSA allows federal agencies to establish additional agency-specific requirements in the agency's own fleet credit card policy.

Table 2. Detailed Charges - Premium Fuel Grades from October 2011 to December 2011

	GPO Department	Card Number	Purchase Date	Item Purchased	Purchase Amount
1	Messenger Section	400013	11/28/2011	Fuel - Super Unleaded	\$50.00
2	Environmental Services - Police Department	100022	10/12/2011	Fuel - Super Unleaded	\$49.80
3	Environmental Services - Police Department	100022	10/14/2011	Fuel - Super Unleaded	\$23.00
4	Environmental Services - Police Department	400022	10/28/2011	Fuel - Super Unleaded	\$27.00
5	Environmental Services - Police Department	400022	11/3/2011	Fuel - Super Unleaded	\$41.34
6	Environmental Services - Police Department	400022	12/2/2011	Fuel - Super Unleaded	\$46.01
7	Plant Operations	100007	10/6/2011	Fuel - Super Unleaded	\$70.00
8	Plant Operations	400006	10/14/2011	Fuel - Super Unleaded	\$66.01
9	Plant Operations	400005	10/20/2011	Fuel - Super Unleaded	\$69.01
10	Plant Operations	400005	10/25/2011	Fuel - Super Unleaded	\$98.00
11	Plant Operations	400006	11/14/2011	Fuel - Super Unleaded	\$60.00
12	Environmental Services - Police Department	400023	12/22/2011	Fuel - Super Unleaded	\$43.20
Total					\$643.37

Recommendation

We recommend that the Director for Acquisition Services mitigate risks of potentially improper purchases by completing and implementing a written management directive and standard operating procedure to address goals and Fleet Credit Card Program objectives and corresponding procedures.

Management's Response

Acquisition Services concurs with the recommendation to mitigate the risk of potentially improper purchases by completing and implementing a written management directive and standard operating procedure to address goals and Fleet Credit Card Program objectives and corresponding procedures. Procedures shall include instructions similar to those listed on GSA's website which provides guidance for using the fleet card. The complete text of management's response is in Appendix B.

Evaluation of Management's Response

Management's planned action is responsive to the recommendation. The recommendation is resolved but will remain open for reporting purposes pending our review and verification of the implemented process.

Appendix A - Objectives, Scope, and Methodology

We performed fieldwork from July 2011 through May 2012 at the GPO Central Office in Washington, D.C. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will 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.

Objectives

The OIG initiated this audit to determine if controls over fleet credit cards were adequate and if charges were for allowable and appropriate expenses.

Scope and Methodology

To accomplish our audit objective, we performed the following:

- Interviewed GPO fleet credit cardholders, Acquisition Services personnel, Office of Finance personnel, US Bank officials, and GSA representatives;
- Reviewed laws, regulations, policies, and procedures applicable to the GSA's Government Fleet Credit Card Program;
- Reviewed and reconciled the allocation expense of the top five fleet credit card disbursements for FY 2011;
- Statistically tested fleet credit card transactions for October through December 2011, excluding GPO employees with Citibank WEX cards, taxes, and FAST (GSA fuel) report information.

Sampling Methodology

To test whether charges were for allowable and appropriate expenses, we randomly selected a sample of 140 from a total of 263 fleet credit card charges from October to December 2011.

We used EZ Quant Statistical Analysis Software to support our variable statistical sampling.

EZ Quant Statistical Analysis Software was developed by the Defense Contract Audit Agency and is used to generate sample sizes and random numbers and estimates.

Parameters

Universe Unit Size: 263
Universe Dollar Size: \$14,416
Confidence Level: 90 percent
Sample Unit Size: 140
Sample Dollar Size: \$8,104

Precision Limits

Lower Limit: \$680
Upper Limit: \$1,375

Point Estimate: \$1,027

Management Controls Reviewed

We determined that the following internal controls were relevant to our audit objective:

Program Operations – Policies and procedures the GPO management implemented to reasonably ensure that processes met GPO's objectives.

Validity and Reliability of Data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.

Compliance with Laws and Regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

The details of our examination of management controls, the results of our examination, and noted management control deficiencies are contained in the report narrative.

Computer Processed Data

We relied on computer-processed data from GPO's and US Bank-Voyager Fleet Credit Card accounting systems. Specifically, we relied on:

- GPO's Accounting Systems US Bank-Voyager Fleet Credit Card System Expenses Reports,
- GPO's Payment Register,
- US Bank-Voyager Fleet Systems Account Summary Invoice Report, and
- US Bank-Voyager Fleet Systems Account Summary Report.

We assessed the reliability of the computer-processed data used in our analyses by interviewing users and officials, reviewing existing information about the data, and evaluating other pertinent program information. We also examined source documents, compared the source documents with other information and data and discussed the data with responsible officials. Based on our limited testing, we determined that the management information reports were sufficiently reliable for our audit objective.

Appendix B – Management’s Response

Memorandum

DATE: September 20, 2012
REPLY TO:
ATTN OF: Director Acquisition Services
Subject: Response to Office of Inspector General Report No. 12-18 "Audit of Controls over GPO' Fleet Card Program"
To: Michael A. Raponi, Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report. Attention to the issues identified in the report should help further strengthen the agency's fleet card program. Attached is our corrective action plan in response to the specific recommendations made in the report. In accordance with your request, we will notify your office when the supporting documentation is available.

If you have any questions regarding this response, please contact me on (202) 512-2010, extension 31506.

Sincerely,



Sheree Young
Attachments

Appendix C - Status of Recommendations

Recommendation	Resolved	Unresolved	Open/ECD*	Closed
1	X		October 31, 2012	

*Estimated Completion Date.

Appendix D - Report Distribution

Acting Public Printer
Assistant Public Printer, Operations
General Counsel

Major Contributors to the Report

Vera J. Garrant, Lead Auditor
Allyson S. Brown, Auditor