

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER**

**DISTRICT-WIDE AUDIT OF
PURCHASE CARD PROGRAM ADMINISTERED BY
THE OFFICE OF CONTRACTING AND PROCUREMENT**

OFFICE OF INTEGRITY AND OVERSIGHT



FINAL REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Office of Integrity and Oversight

April 20, 2012

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Dear Mr. Staton and Mr. Mohamed:

Enclosed is the final report summarizing the results of the District-Wide Audit of the Purchase Card Program at the Office of Contracting and Procurement (**OIO No. 11-02-09 OCFO**). As a result of our audit we directed eight recommendations to management that collectively represent actions considered necessary to correct the deficiencies described in this report. Both the Office of Contracting and Procurement (OCP) and the Office of the Chief Financial Officer/Government Operations Cluster (OCFO/GOC) comments to a draft of this report are generally responsive to the intent of the recommendations. However, OCP's and OCFO/GOC's planned corrective actions for recommendations 1, 3 and 7 Part (b) do not satisfy the intent of the recommendations nor resolve the issues cited in the corresponding findings. We agree in part with OCP's and the Office of Finance Resource Management's (OFRM) planned corrective actions for recommendation 5; however, we disagree with placing the responsibility for certification of invoice payments with the Program Management Office (PMO).

Accordingly, we request that OCP and OFRM reconsider their positions for recommendations 1, 3, 5, and 7(b) and provide a revised response to the Office of Integrity and Oversight (OIO) by May 21, 2012. Generally, audit recommendations should be resolved within six months of the date of the final report. As such, we will continue to work with OCP and OCFO/GOC to reach a final agreement on all outstanding recommendations. Both OCP's and GOC/OFRM's entire responses are included in this report at Exhibit 6. OIO's evaluation of these responses is detailed in the appropriate sections of this report.

We appreciate the assistance and cooperation that you and your staff provided to OIO during this audit. If you have questions, please contact me at (202) 442-6433, or your staff may contact Mohamad Yusuff, Director of Internal Audit at (202)-442-8240.

Sincerely,

William J. DiVello, Executive Director
Office of Integrity and Oversight

Enclosure

WJD/tf

DISTRIBUTION:

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**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM ADMINISTERED
BY THE OFFICE OF CONTRACTING AND PROCUREMENT**

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**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM ADMINISTERED
BY THE OFFICE OF CONTRACTING AND PROCUREMENT**

ACRONYMS

- (APC) Agency Program Coordinators
- (ART) Agency Review Team
- (CPO) Chief Procurement Officer
- (GOC) Government Operations Cluster
- (GSC) Government Services Cluster
- (HSSC) Human Support Services Cluster
- (JPMC) JPMorgan Chase Bank
- (MCC) Merchant Category Code
- (OCFO) Office of the Chief Financial Officer
- (OCP) Office of Contracting and Procurement
- (OFRM) Office of Finance and Resource Management
- (OIO) Office of Integrity and Oversight
- (OPIC) Office of Procurement Integrity and Compliance
- (PMO) Program Management Office
- (PNet) JPMC Purchase Net
- (PSJC) Public Safety and Justice Cluster
- (SOAR) System of Accounting and Reporting
- (TBD) To Be Determined
- (UDC) University of the District of Columbia

EXECUTIVE SUMMARY

OVERVIEW

The Office of Integrity and Oversight (OIO) has completed a District-wide audit of the Purchase Card program activities for 2010 administered by the Office of Contracting and Procurement (OCP) Program Management Office (PMO). The objectives of this audit were to determine whether: (1) purchase cards are being used for proper government purposes; (2) transactions are authorized in accordance with established laws, regulations, policies and procedures; (3) there are adequate internal controls over the issuance and use of purchase cards (4) invoice payments are properly supported and approved; and (5) adequate oversight over card transactions exist at each participating agency.

CONCLUSIONS

We identified certain areas where the internal controls over the purchase card program were deficient. Specifically, we found instances where increases were made in cardholders' monthly and single/daily purchase limits without adequate justification; transactions were processed with prohibited Merchant Category Code (MCC); Agency Review Team (ART) members were not following program policies and procedures; OCP did not monitor purchase card activity. We also noted a lack of supporting documentation for purchases and noted that the PMO was inadequately staffed with no plans in place for program continuity.

During our audit, we also reviewed 37 FY2011 transactions at the request of Council Member Mary Cheh's Office. We tested all 37 transactions for proper support and allowability. Of the 37 transactions examined, five purchases were unallowable and five purchases were not properly supported. The unallowable items purchased were made for water, equipment and warranty for equipment with a dollar value of \$4,733.84. Inadequately supported transactions (missing receipts) were made for authorized purchases of water with a dollar value of \$832.25. Another item of the 37 was a \$2,200 transaction that was associated with the Office of Finance and Resource Management. However, our audit showed that this transaction did not exist in PNet (See results in Appendix 2).

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT ACTIONS

We directed eight recommendations to management for necessary action to correct the described deficiencies. Our recommendations center, in part, on:

- Enforcing current policies and procedures to ensure that the ART members are compliant and accountable for following program policies and procedures.
- Establishing and implementing action plans for monitoring credit card purchases.

EXECUTIVE SUMMARY

- Developing and implementing a shared website to store and view supporting documentation.
- Allocating sufficient staff to the purchase card program.
- Modifying criteria for increasing the monthly and single purchase card limits.

A summary of potential benefits resulting from the audit is shown at Exhibit 1.

COMMENTS AND MANAGEMENT ACTIONS

Management responses to our draft report were generally adequate to correct the conditions noted. However, OCP's and OCFO/GOC's planned corrective actions for recommendations 1, 3 and 7 Part (b) do not satisfy the intent of the recommendations nor resolve the issues cited in the corresponding findings. We agree in part with OCP's and OFRM's planned corrective actions for recommendation 5; however, we disagree with placing the responsibility for certification of invoice payments with the Program Management Office (PMO).

As such, we request that OCP and OFRM reconsider their positions for recommendations 1, 3, 5, and 7b) and provide a revised response to the Office of Integrity and Oversight (OIO) by April 29, 2012. Both OCP's and GOC/OFRM's entire responses are included in this report at Exhibit 6. OIO's evaluation of these responses is detailed in the appropriate sections of this report.

INTRODUCTION

BACKGROUND

The District of Columbia Government purchase card program is intended to allow agencies to make small purchases: generally, \$2,500 or less using a revolving credit line with JPMorgan Chase Bank (JPMC). The program provides the District with an efficient way to procure small valued supplies consistent with applicable laws and regulations, and policies and procedures so as to reduce the tedious buying process, reduce productivity loss, as well as to improve vendor payment processing. The program is also intended to eventually eliminate and reduce labor and administrative costs associated with the normal procurement process. Purchase Cards are payment facilitating tools. The credit embodied in the card permits quick and efficient acquisitions and small purchases District-wide.

The District Office of Contracting and Procurement entered into a multi-year Memorandum of Understanding with the Federal Department of Justice (DOJ) to tag on to DOJ's Task Order with JPMC Bank to provide purchase card services under the U.S. General Services Administration's SmartPay2 Program. The MOU performance period began on November 30, 2008, and will expire on November 29, 2012. The MOU may be extended twice with three-year option periods.

The OCP Purchase Card Program Management Office (PMO) is responsible for the administration of the cards. The PMO is managed by one individual, who is responsible for the operation of the entire card program. There were 75 participating District agencies during the audit period. The University of the District of Columbia (UDC) began managing its purchase card program separately from OCP on September 30, 2010.

The District had approximately 453 purchase cards as of July 2011. For 2010, the purchase card activity is shown below in Table 1.

Table 1
Purchase Card Activity

Category	2010
Number of Cardholders	446
Number of Transactions	38,338
Total Dollar amount	\$16,286,527
Average Amount per Purchase	\$425

INTRODUCTION

Purchase Card Program Process

The following is an overview of the purchase card process (see Appendix 1 for more details of the process). If an agency wants to participate in the Purchase Card Program, the Agency Head makes a request to the PMO. Once the agency has been approved to participate, the agency finance official encumbers funding based on an estimate of purchases to be made by the agency for that fiscal year. The Office of Finance and Resource Management (OFRM) informs the PMO when the funds have been encumbered. The PMO then begins the issuance process, which includes cardholders' mandatory training and delegation of procurement authority prior to the issuance of the actual purchase card. The Agency Program Coordinators (APC) collect and issues the cards to the cardholder. The APC serves as the liaison with the OCP/PMO and administers and oversees the purchase card program at the agency level.

The cardholders then begin using their cards as needed. At the end of the billing cycle (monthly) the cardholder compares their statements online on JPMC Purchase Net (PNet) with their receipts and checkmarks the "review box" to indicate that each purchase is valid. The respective Approving Official then checkmarks the "approval box" in PNet to indicate that they have reviewed and approved each transaction. Next the Agency Review Team (ART) meets monthly to review agency purchases to ensure that purchases were allowable and properly supported. The ART is composed of the Agency Designated Billing Official or other designated finance official, Agency Head or a designee, Approving Officials and APC. The ART sends a sign-in sheet (see Exhibit 3 for Sample Sign-in Sheet) to the PMO along with any recommended actions.

JPMC Bank sends a central bill to OFRM. OFRM pays the bill from the respective agency funds encumbered at the beginning of each fiscal year. Agencies record purchase card monthly expenditures based on a report that OFRM sends detailing the respective agency purchase card expenditures.

The District receives a quarterly rebate from JPMC Bank which is based on purchase card spending and whether OFRM (representative of CFO) makes payment within five days of receipt of the invoice. Currently, the average rebate is about 1.5% of total purchase card spending. The rebate is used to fund the Program operations. Any excess rebate at year end is carried over to the next year in District of Columbia Supply Schedule and Purchase Card Fund (O-Type Revenue Fund). As of April 8, 2011, the OCP O-Type Revenue Fund was abolished. The rebate is now being deposited in the General Fund, and the program is currently funded from the operating budget.

At the end of the fiscal year each purchase card is deactivated until the encumbrance for the new fiscal year is received by OFRM. Once the PMO receives confirmation that the agency funds are encumbered the purchase cards are reactivated at the beginning of the fiscal year.

OBJECTIVES, SCOPE, METHODOLOGY

OBJECTIVES, SCOPE and METHODOLOGY

The objectives of this audit were to determine whether: (1) purchase cards are being used for proper government purposes; (2) transactions are authorized in accordance with established laws, regulations, policies and procedures; (3) there are adequate internal controls over the issuance and use of purchase cards (4) invoice payments are properly supported and approved; and (5) adequate oversight over card transactions exist at each participating agency.

To accomplish our objectives, we interviewed senior purchase card program personnel directly involved with the program operations and examined pertinent documents relating to program activities. We performed audit work at 67 District agencies.

Using statistical sampling software, we randomly selected 575 purchase card transactions covering 67 of the 75 participating agencies from a population of 38,338. Transactions were selected from the audit period January 2010 through December 2010. The 575 transactions were selected to determine whether the purchase card program policies and procedures were adhered to. Our sampling criteria are: 95 percent confidence level, one percent auditor's expected error rate and a precision of two percent (materiality level).

During our audit, we also reviewed 37 FY2011 transactions at the request of Council Member Mary Cheh's Office. We tested all 37 transactions for proper support and allowability (See results in overview above and Appendix 2).

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.

FINDINGS AND RECOMMENDATIONS

FINDING 1: INTERNAL CONTROLS OVER PURCHASE CARD PROGRAM

Our analysis of internal controls over the purchase card program, disclosed that four out of the 11 controls we examined were not functioning as intended. Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting and compliance with applicable laws and objectives. Table 1 below shows the controls we tested followed by a narrative of the four internal controls that were not functioning.

Table 1: Summary of the Internal Controls Analyzed

I/C No.	Internal Controls (I/C)	Type	Functional
1	Pre-encumbered Funds at the beginning of fiscal year	Preventative	Yes
2	Preset cardholder purchasing limits	Preventative	No
3	Restricted/prohibited MCCs for high risk items	Preventative	No
4	Monthly Reconciliation of purchases by cardholder	Detective	Yes
5	Review and approval of purchases by approving official	Detective	Yes
6	Monthly Meeting of ART members to review purchases	Detective	No
7	Penalties for misuse clearly outlined in policies and procedures	Preventative	Yes
8	Training and delegating of contracting authority requires for cardholders prior to issuance of cards	Preventative	Yes
9	Immediate de-activation of card when cardholder leaves the Agency/District	Preventative	Yes
10	Certification of purchases by OCP prior to OFRM paying the monthly bill	Preventative	Yes
11	Audits of purchase card program by OCP	Detective	No

Source: OIO

Increases in cardholders monthly and single/daily purchase limits without adequate justification (I/C No. 2): OCP Purchase Cards Program Policy and Procedures Manual Part II, B.9, requires that the Agency Director provide written justification showing the impact on the agency if the limits were not increased. Request for purchase limit increases is approved by the Chief Procurement Officer (CPO) evidenced by CPO signature on Delegation of Contracting Authority.

We examined all of the 96 instances where the standard monthly and single purchase limits (\$10,000 and \$2,500 respectively) had been increased during 2010. We found 37 instances (39%) where those limits were increased without adequate justification (See Exhibit 2). Some of the reasons given by agencies when requesting the increases in cardholder spending limits were: end of year procurement, website conversion, expend federal funds before year end, operational improvements, annual high cost projects, equipment, furniture, and in some cases

FINDINGS AND RECOMMENDATIONS

no reason was provided in writing. Single purchase limits increases ranged from \$3,500 to \$44,877 and monthly purchase limits increases ranged from \$15,000 to \$54,877.

We expanded our testing to include spending limit increases for 2011 and found that the practice is continued. We found 14 out of the 27 instances (52%) where the standard monthly and single purchase limits were increased and approved but without adequate justification.

The standard limits should only be increased for “emergencies” or “unique needs of an agency that is critical to fulfilling its mission” where the purchase card program is the most efficient way to procure the needed goods/services. Providing cardholders with higher spending limits coupled with the breakdown in controls over the purchase card system promotes an environment where cardholders may purchase higher cost items and increase the risk of financial loss to the District. Cardholders can also use increased purchase limits as a means to circumvent the regular procurement process.

Transactions were Processed with Prohibited Merchant Category Code (MCC),

(I/C No. 3): OCP Purchase Cards Program Policy and Procedures Manual Part II, C states that certain high risk MCCs are blocked by the JPMC Bank. We tested the entire population of 38,338 transactions for prohibited merchant category codes (MCC) use and found 27 instances where transactions were coded with one of the 30 prohibited MCCs. This is a JPMC Bank preventative system control that was intended to limit the purchase of prohibited items by declining transactions with any of the 30 MCCs at the point of sale. This code (0000) indicated that convenience checks were drawn using the purchase card. We determined that this code was not used for convenience checks in any of the 27 transactions.

However, the potential for malfeasance exists not only for code 0000 but potentially for all 30 prohibited MCC codes. This represents a potential for greater financial loss to the District when coupled with the higher purchasing limits and the ineffective performance of the Agency Review Team.

ART Members Disregarded Program Policies and Procedures (I/C No. 6): We randomly selected 37 agencies to be tested from a population of 75 agencies. Our audit period covered January 2010 through December 2010. The 37 agencies were selected to determine whether the ART members were complying with the purchase card program policies and procedures. We specifically tested the sample to determine whether: monthly required meeting were held timely; members signed the certification form; the certification sheet was submitted timely and in the required format, team members were composed of individuals required by policies and procedures (see Exhibit 3 ART Meeting Sign-in Sheet Sample). Our sampling criteria used a 95 percent confidence level; five percent auditor’s expected error rate and precision of five percent (materiality level).

FINDINGS AND RECOMMENDATIONS

We found that errors in the sample were greater than the materiality level of 5% in four of the seven error categories (See Table 2 below). Based on the errors found in the test sample, we conclude that this control cannot be relied upon because of the pervasiveness of errors across the agencies. For example, we found that 97% of the agencies did not submit their “ART Meeting sign-in sheets,” and when submitted, 84% of agencies did not submit their ART Meeting Sign-in Sheet timely. We also noted that 27% of agencies submit multiple Meeting Sign-in Sheets instead of one each month after the ART members meeting. Lastly, 27% of agencies did not use the required Meeting Sign-in Sheet.

Table 2: Summary of Agency Review Team Test Results

Description of Errors in the Sample	EDRC ¹	GOC ¹	HSSC ¹	PSJC ¹	IND Agencies ²	Total No. of Errors	No. of Errors in Sample	% of Errors in Sample ³
ART Meeting sign-in sheet not submitted to OCP	34	83	16	30	17	180	36	97
ART Meeting sign-in sheet submitted late to OCP	38	52	5	21	12	128	31	84
Multiple ART Meeting sign-in sheets in one submission	10	29	0	4	11	54	10	27
ART Meeting sign-in sheet required format altered	24	19	8	6	1	58	8	22
Cardholders participants in monthly ART meetings	2	9	0	0	0	11	2	5
One ART meeting held for multiple months	0	2	0	0	0	2	2	5
ART Meeting sign-in sheet not signed	0	4	0	0	0	4	1	3

Based on the audit results we determined that the members on the ART did not take their role in the program seriously and OCP and Agency management did not enforce the current policies and procedures in place. ART members are allowed to perform their function if and when they choose. Another major contributing factor to this issue may be that the program is staffed with only one individual, burdened with program activities, and therefore cannot adequately carry out an oversight function (see Exhibit 4 for a listing of agency violations).

OCP Did Not Monitor Purchase Card Activity (I/C No. 11): Our audit revealed that the Office of Procurement Integrity and Compliance (OPIC) did not adequately monitor the purchase card activities. No audits or reviews were performed for the audit period January 2010 to December 2010. The Purchase Card Program Management Office also did not perform adequate monitoring of purchase card activities, as noted above.

¹ EDRC, GOC, HSSC, PSJC and GSC are commonly referred to as financial clusters. Each financial cluster has a number of associated agencies.

² IND (Independent agencies): UDC, OCFO, and District of Columbia Public Schools.

³ We found no errors for the Government Services Cluster (GSC).

FINDINGS AND RECOMMENDATIONS

OCP Purchase Cards Policy and Procedures Manual Part I, C.6 states that: "OPIC will be responsible for reviewing PaymentNet reports to identify potential cases of waste, fraud, abuse and mismanagement and conducting cardholder and agency audits as needed.

- a. monitoring procedural compliance of all approved rules and procedures governing participation in the DC Purchase Card Program
- b. conducting agency purchase card program reviews and audits."

OCP Purchase Cards Program Policy and Procedures Manual Part I, C.9 states that, the PMO should provide general management and oversight of the program.

We inquired of OPIC as to the reason for no monitoring, OPIC stated that, "*OPIC planned an operations review of the PMO but pulled the plug due to transition issues that cropped up around that time.*" We also inquired of the PMO why no monitoring was performed and was told that a cursory review of transactions are done monthly prior to sending transactions to the Office of Chief Technology Officer for posting on the Digital Public Square OCP website.

This failure to monitor the purchase card activities resulted in program violations going undetected and contributed to an environment for the breakdown in the program internal controls. Cardholders and other participants, who violated the policies and procedures continued to use their cards without any notification, restriction or other type of disciplinary actions.

Recommendation 1

We recommend that the Chief Procurement Officer, OCP:

Develop and implement an action plan with more stringent and explicit criteria to justify increases in cardholder spending limits to include carrying out sanctions for agencies/individuals that do not comply.

Management Response

OCP essentially concurs with our recommendation for more stringent enforcement of sanctions and will issue a memorandum to the agencies by the end of the calendar year, emphasizing the rules regarding request for increases in purchase card limits and the importance of the need to carry out sanctions against individuals who do not comply with purchase card policies and procedures.

OIO Comment

While we agree with OCP's proposed corrective action, we nonetheless, believe that those actions stated will not fully address the issues cited. We request that OCP to consider a more rigorous action plan going forward because of the

FINDINGS AND RECOMMENDATIONS

pervasiveness of the issue. As noted in Finding 1, we examined all increased spending limits for calendar year 2010 and found that 39% of the increased limits were not adequately justified. We expanded our testing to calendar year 2011 and found that the practice continued with 52% of the increased limits was not adequately justified. The scope of this issue suggests that issuing a memorandum will not be a strong enough deterrent.

Recommendation 2

We recommend that the Chief Procurement Officer, OCP:

(a) Contact JPMC and request explanations for allowing those transactions with prohibited MCC 0000 to go past the point of sale. Obtain assurance that the problem is resolved.

(b) Inform OIO of the specific actions taken to solve the issue and provide a specific date of estimated completion.

Management Response

OCP essentially concurs with our recommendation and will take actions to clarify the current prohibited MCCs with the bank. OCP also intends to update the policies and procedures to reflect the changes in bank MCCs by the end of the calendar year.

OIO Comment

OCP's two discrete actions, when fully implemented, will address the issues cited in this report and meet the intent of the recommendation.

Recommendation 3

We recommend that the Chief Procurement Officer, OCP:

Develop and implement a corrective action plan to ensure that ART members are meeting on a monthly basis and following the purchase card policies and procedures (see Exhibit 4 for a listing of agency violations).

Management Response

OCP's proposed action plan calls for a memorandum to be issued to agency directors to emphasize responsibilities associated with managing the purchase card program and the need for effective internal controls. No implementation date was given. In addition,

FINDINGS AND RECOMMENDATIONS

OCP stated in their response that in FY 2012, following an agency-wide realignment, OPIC began random audits of selected District agencies to augment training, administration and guidance provided by the PMO.

OIO Comment

In our view, OCP planned corrective actions when implemented will not adequately address the issues noted in this finding. We request OCP to consider a stronger action plan. Moreover, OIO respectfully disagrees with the statement that OIO cite non-compliant agencies and should craft agency-specific remediation actions for those agencies. OCP is responsible for the management of the entire program and thus our recommendations are addressed to OCP.

Recommendation 4

We recommend that the Chief Procurement Officer, OCP:

Take action to ensure that purchase card activities are monitored by OPIC at the agency level. OPIC should develop an annual audit monitoring plan approved by the Chief Procurement Officer.

Management Response

OCP agreed with the recommendation and provided an explanation for OPIC's inability to conduct monitoring activities in calendar year 2010. Reasons cited were the limited resources at that time and OPIC was going through a period of transition as a result of OCP's organizational realignment. OCP stated in their response to recommendation three that in FY 2012 that OPIC will begin random audits of selected District agencies to augment training, administration and guidance provided by the PMO.

OIO Comment

We strongly endorse OCP's FY 2012 plan to conduct more monitoring on the P-Card program. However, we disagree with OCP's assertion that the appropriate OCP personnel were not notified of our findings. We restate that OIO duly notified the officially designated audit point of contact and was provided with a written response stating that no monitoring was performed by OPIC as noted in our report.

FINDINGS AND RECOMMENDATIONS

FINDING 2: PAYMENT OF JPMC PURCHASE CARD INVOICES

Our audit showed that 2 out of the 16 payments were made late for purchase card transactions in 2010. The payments were made more than 30 days after the close of billing cycle (see Table 3 below). The day after the end of the billing cycle is the receipt date. If payments are made within five days of the close of the billing cycle the District earns a rebate. The later the payment date is from the end of the billing cycle the smaller the rebate amount. After 30 days there is no rebate. As such, no rebate was earned on \$2,037,709 purchase card expenditures for the fourth quarter of 2010. Currently rebates averages about 1.5% of purchases. As a result of the late payments, the District lost about \$30,566 in rebates. In addition, OFRM violated the District's Quick Payment Act.

Table 3: Late Payments for Purchase Card Expenditures

End of Billing Cycle	Payment Date	Payment Amount
January 20, 2010	March 23, 2011	\$ 977,288.93
November 20, 2010	December 27, 2010	\$ 1,060,420.01
Total Payments		\$ 2,037,708.94
Lost Rebate due to Late Payments		\$ 30,566.00

The agencies are required by the purchase card program policies and procedures to encumber the estimated purchase card expenditures at the beginning of the year so that the funds are readily available to make payment on invoices. OCP Purchase Cards Policy and Procedures Manual Part I, C.10, require the Office of Finance and Resource Management (OFRM) to pay the invoice within five days of receipt.

Recommendation 5

We recommend that the Chief Procurement Officer and the ACFO of OFRM work in conjunction to:

Develop and implement corrective actions to ensure that purchase card invoices are paid within five days as required.

Management Response

OFRM concurs with our recommendation to pay invoices timely to obtain maximum rebate applicable and stated that invoices will be paid within seven business days under its revised procedures; OFRM also included a payment chart to implement the 7-day payment process, effective March 21, 2012. In addition, OFRM and OCP plans to

FINDINGS AND RECOMMENDATIONS

update the PCard payment process by placing the responsibility of certification of invoice payments on the PMO.

OIO Comment

OIO agrees with the seven-day timeline for payment. However, OIO believes that OCP and OFRM should place the responsibility for certification of payment on the purchasing agency since said agency is the most qualified to certify that the charges are correct and proper.

FINDINGS AND RECOMMENDATIONS

FINDING 3: PURCHASE CARD PROGRAM STAFFING

Based on our observations, interviews of the Program Manager, documentation and test work results we believe that the PMO is not adequately staffed. Exhibit 5 is a summary of duties and responsibilities of the Program Manager. The Program Management Office has only one individual dedicated to the purchase card program for the entire District who was given all of the responsibilities for the program operations. There is currently about 453 active credit cards spread over 75 agencies. In 2010, there were 38,338 purchase card transactions.

As a result of the PMO being inadequately staffed, the cardholders and other participants were allowed to disregard the internal controls in place with impunity knowing that one employee cannot possibly enforce those controls. The program participants could not be held accountable when they did not follow the policies and procedures because of a lack of staff to enforce the policies and procedures. The findings noted in this report exist partly because of the inadequately staffed PMO and a lack of enforcement actions.

Recommendation 6

We recommend that the Chief Procurement Officer, OCP:

Take action to allocate the necessary resources to adequately manage the purchase card program, including supervisory oversight of program compliance.

Management Response

OCP concurs with our recommendation to allocate necessary resources to the purchase card program and stated that one FTE was approved for the program beginning in FY2013.

OIO Comment

OCP planned actions are responsive and satisfy the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 4: SUPPORTING DOCUMENTATION FOR PURCHASES

We statistically selected 575 transactions from a population of 38,338 to determine whether the purchase card program policies and procedures are followed. Our sampling criteria used a 95 percent confidence level; one percent auditor's expected error rate and precision of two percent (materiality level). The results of our sample follow.

Missing Documentation

OCP Purchase Cards Policy and Procedures Manual Part IV-A, requires certain supporting documents should be kept on file, including original receipts, vendor invoices and travel related forms such as Travel Justification, Travel Authorization, Travel Expense and Travel Exemption Request.

We reviewed original receipts, vendor invoices and travel related forms, such as Travel Justification, Travel Authorization, Travel Expense and Travel Exemption Request for the sample. We found an error rate in the sample of 5.39% (31 out of the 575) and a projected error rate in the entire population of 7.28%. The 2010 transactions listing showed that the average transaction amount was \$425 for the population of 38,338 with a total transaction dollar amount of \$16,286,527. Projecting our sampling results into the population indicate that 2791 transactions with a dollar value of \$1,186,175 in the entire population is inadequately supported and therefore questioned (see Table 4).

Table 4: Summary of Results from Sample Tested by Cluster

Clusters	Instances Of Missing Documents	Instances of Unallowable Purchases	Instances of Unauthorized Purchases
Government Operations	3	0	0
Government Services	2	0	0
Human Support Services	9	0	0
Public Safety and Justice	10	0	0
Total Instances in Sample	31	0	0
Population Projected Instances	2791	-	-
Population Projected Dollars	\$1,186,175.00	-	-

Source: OIO

FINDINGS AND RECOMMENDATIONS

Should payment errors be discovered and no supporting documentation found, it would make recovering funds much harder; also, should disputes arise, there would be no records to verify the validity of the dispute or to research the facts. In addition, we could not determine whether these payments were allowable and authorized, or whether the related documents were just misplaced, misfiled or lost.

Authorized and Unallowable Purchases

OCP Purchase Cards Policy and Procedures Manual Part II, states that: only goods, supplies and services that are directly related to the agency programmatic function can be purchased. The Manual also provides a listing of prohibited items that cannot be bought with purchase cards.

For the sample items examined (original receipts, vendor invoices and travel related forms such as travel justification, travel authorization, travel expense and travel exemption request), we found no instances where items purchased were unauthorized or unallowable.

Recommendations 7

We recommend that the Chief Procurement Officer, OCP:

- (a) Promptly locate the missing documentation determine whether the expenditures were valid and properly authorized, and notify OIO of the results.
- (b) Develop and implement a shared website where supporting documents can be scanned and stored. Cardholders should be given input and view access, all other purchase card participants should be given view only access to the site.

Management Response

OCP concurs with Part (a) of our recommendation and stated that a memorandum will be issued to agencies to provide the missing documentation. OCP disagreed with Part (b) of our recommendation citing the Citywide Data Warehouse website as sufficient regarding storage of files.

OIO Comment

OCP planned actions are responsive in part and satisfy the intent of Part (a) of the recommendation. OCP's planned actions for Part (b) of our recommendation does not address the issue of missing documentation. While the Citywide Data Warehouse website provides a listing of the transactions, it does not maintain the actual supporting documents for the listed transactions, and as such, does not satisfy the intent of our recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 5: PROGRAM CONTINUITY PLANNING

The PMO is currently staffed with one employee. In this position some of the employee's responsibilities included, generating reports from the US Bank system, drafting the Purchase Card Policies and Procedures and acting as liaison between the US Bank and OCP and agency program participants. The Employee became the Program Manager in December 2001. The PM is responsible for all critical aspects of the operation (See Exhibit 5 for a detailed listing of the Program Manager duties and responsibilities).

Should the PM have a need to be on extended leave or leave the District for any reason, all institutional knowledge for that program's operation will be gone and there could be a serious disruption of the program operations. To date, no one has ever been trained to assist or assume the current PM duties and responsibilities.

Recommendations 8

We recommend that the Chief Procurement Officer, OCP:

Take actions to ensure program continuity and a back-up plan for emergencies; especially, one or more persons should be cross-trained to assume the duties and responsibilities of the PM in order for a smooth transition should the need arise.

Management Response (Recommendation 8)

OCP concurs with our recommendation to ensure continuity and a back-up plan for the purchase card program and stated that one FTE was approved for the program beginning in FY2013.

OIO Comment

OCP planned actions are responsive and satisfy the intent of the recommendation.

OTHER MATTERS

UNIVERSITY OF THE DISTRICT OF COLUMBIA

The University of the District of Columbia (UDC) began managing their purchase card program separately from OCP on September 30, 2010. This agency was not a part of the agencies randomly selected for testing. Since UDC has recently taken over the purchase card program activities and they have a new stand alone system (BANNER). We believe the UDC purchase card program should be reviewed separately by OCP.

OFFICE OF TENANT ADVOCATE

This Office of Tenant Advocate (OTA) should consider using an alternative procurement method for its displaced residents program. During the examination of spending limits increases we noted that Office of Tenant Advocacy (OTA) has requested large increases for displaced residents multiple times (3). These are not micro-purchases and given that this is a major function/program within OTA, we believe that OCP in conjunction with OTA use prior years' data to estimate future years spending for displaced residents and explore an alternative procurement vehicle other than the purchase cards.

APPENDIX 1

PURCHASE CARD PROGRAM OPERATIONS OVERVIEW

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT
THE OFFICE OF CONTRACTING AND PROCUREMENT****PURCHASE CARD PROGRAM OVERVIEW****PURCHASE CARDS ORIGINATION**

The OCP/PMO holds executive briefings for affected Agency Directors to gain buy-in and assess the readiness of the agency to responsibly participate in the purchase card (PCard) program. At the beginning of each fiscal year the agency must provide Office of Finance and Resource Management (OFRM) with estimated Pcard expenses for the year. All Pcards are deactivated at the beginning of each year until OFRM receives agency designated funding sources and amounts including accounting attributes.

The following steps have to be taken in acquiring a purchase card subsequent to the meeting between the requesting agency officials and OCP Purchase Card Program Management Office (OCP/PMO).

1. Agency Directors designate to the OCP/PMO which agency employees (cardholders) will be authorized to hold and use purchase cards to buy goods and services for the agency. The Agency Directors request certain daily and monthly purchase limits for those employees.
2. The Agency Directors designate to the PMO the following persons:
 - Agency Program Coordinator (APC) - administers and oversees the purchase card program at that agency and serves as liaison with the OCP/PMO.
 - Designated Billing Official (DBO) - typically OCFO accounts payable personnel responsible for paying the bills on time and ensuring that the funds are available to pay Pcard invoices.
 - Approving Officials (AO) - is normally the cardholder's supervisor, and is responsible for ensuring that the purchase is legitimate and authorized, funds are available, and that the purchase card account is current and reconciliation packages are sent in to the agency Designated Billing Official in a timely manner.
3. The APC performs the following actions:
 - Goes to the agency wiki-site and selects the agency participation tab
 - Fills out the New Card Request Forms
 - Sign up for training for self and other cardholder applicants
 - Prepare Delegation of Procurement Authority Form issued by the Chief Procurement Officer (CPO)
 - The APC sends the completed package to the PMO
4. The PMO performs the following actions upon receipt of package from APC:

DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT THE OFFICE OF CONTRACTING AND PROCUREMENT

- Receives and reviews the package for completeness and accuracy
 - Sets up Pcard accounts for cardholders on Payment Net (PNet)
PMO receives the Pcard from in 2 two days from the JPMorgan Chase (JPMC's) Bank Partner
 - Notify the APC by e-mail requesting that the cardholders complete their required Pcard training (evidenced by a signed training affidavit) and sign their Delegation of Authority form
 - Receives the signed training affidavit and Delegation of Authority forms
5. APC picks-up Pcard and signs for it
6. APC distributes the Pcard (s) to the respective cardholders

PURCHASE CARDS USE

Cardholder (CH) may purchase items up to the maximum daily/transaction limit of \$2,500 and monthly purchase limit of \$10,000 (usual limits for most CH) provided that the items are not prohibited for *purchase-only enabled cards and travel-enabled card* as noted on pages 20 and 21 of OCP Purchase Card Program Policy & Procedures.

When a Pcard transaction occurs the cardholder must keep the following original documentation for 3 years to properly support the transaction:

- Original receipt
- Printout of internet invoice
- Note added to the note section in PNet for missing receipts
- E-mail confirmations
- Travel related documents if applicable (Travel Justification Form, Travel Authorization Form, Travel Expense Form, Travel Exemption Request Form)
- Other document that shows the nature and amount of the purchase

RECONCILIATION

Monthly Reconciliation: Cardholder (CH)

The 21st of each month is the close of billing cycle. The CH must perform the following *actions by the 26th of each month*: CH logs into PNet and prints out the monthly statement

1. CH reconciles their receipts to the charges listed
2. If charges match the receipts:
 - CH checks the Reviewed Box () in PNet next to each charge to indicate that CH agrees with charges
 - Enter the accounting code attributes in PNet

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT
THE OFFICE OF CONTRACTING AND PROCUREMENT**

- CH selects their designated Approving Official's (AO) name from dropdown menu to route the CH transactions to the AO for approval
- 3. If CH does not have a receipt for any reason, CH must fill out the Notes Section in PNet
- 4. If charges do not match the receipts, CH contacts the vendor and resolve discrepancy. If unable to resolve click on the dispute button in PNet and provide the requested information to JPMC Bank for further action
- 5. Sends the AO their *Reconciliation Package*. The package should include original receipts, monthly statement, e-mailed confirmations, and travel documents if applicable.

Monthly Reconciliation: Approving Official (AO)

From the 27th and by the 3rd of the month, the AO must perform the following actions:

1. AO logs into PNet and reviews the *Reconciliation Package* noting whether the purchases match the vendor receipts and items bought are allowable per the purchase cards policies and procedures.
2. If charges match the receipts, AO checks the Approved Box () in PNet next to each charge to indicate that charges are reviewed and approved..
3. If charges do not match the receipts, items are unallowable, or receipts are missing the AO discusses and resolves issue with CH.
4. If the dispute button in PNet is checked the AO follows up on and work to resolve the disputed charge with CH, Vendor and JPMC Bank
5. Sends the APC the *Reconciliation Package*. The package should include original receipts, monthly statement, e-mailed confirmations, and travel documents if applicable.

Monthly Reconciliation: Agency Program Coordinator (APC)

Between the 4th and by the 19th of the month, the APC must perform the following actions:

1. Convenes the Agency Review Team (ART) for monthly meeting
2. Forwards the following seven JPMC PNet reports to ART members:
 - Transaction Detail with Account Codes and Notes Report
 - Declines Report
 - Transaction Disputes by Status Report
 - Unusual Activity Analysis Report
 - Pending Review/Approval Report
 - Suspension/Cancellation Report
 - Travel and Entertainment Activity by CH report
3. Files the Reconciliation Package along with the ART documents (reports, memorandum) which is kept for three years.
4. Sends the completed sign-in sheet from the ART meeting

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT
THE OFFICE OF CONTRACTING AND PROCUREMENT**

5. Sends the PMO and Agency Director the waste, fraud or abuse ART memorandum

Monthly Reconciliation: Agency Review Team (ART)

At the Agency Review Team (ART) for monthly meeting the team performs the following actions:

1. Reviews the following seven JPMC PNet reports:
 - a. Transaction Detail with Account Codes and Notes Report
 - b. Declines Report
 - c. Transaction Disputes by Status Report
 - d. Unusual Activity Analysis Report
 - e. Pending Review/Approval Report
 - f. Suspension/Cancellation Report
 - g. Travel and Entertainment Activity by CH report
2. Verify that transactions are properly supported with required documentation
3. Members complete a sign-in sheet
4. Investigate questionable transactions.
5. If waste, fraud or abuse is discovered the ART write a memorandum describing recommended actions to be taken against the Pcard program participant

INVOICE PAYMENT

Encumbrance

1. At the end of the fiscal year the PMO deactivates all PCards
2. Prior to the start of the year, each agency's Designated Billing Official (DBO) estimates the Pcard expenses for the year (getting input from the Agency Management and APC).
3. The DBO provides Office of Finance and Resource Management (OFRM) with a Purchase Card Payment Funding Source document which includes Index Codes, Agency Object Code, Program Cost Account
4. OFRM verifies and collect the funds from the agency
5. OFRM provides the PMO with a list of agencies that have encumbered funds for the new fiscal year.
6. The PMO will activate only those agency Pcards with encumbered funds at the beginning of the fiscal year.

Bill Payment

1. *On the 21st of each month* at the close of billing cycle JPMC sends OFRM a notification
2. OFRM logs into PNet and retrieves the Monthly Transaction Report (invoice) which summarizes all cardholders' activities.
3. OFRM formats the report by agency to determine each agency's portion of bill.
4. OFRM creates a Pay Distribution Report (PDR) and takes the following actions:

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT
THE OFFICE OF CONTRACTING AND PROCUREMENT**

- Sends PDR to PMO for certification of payment
 - Verifies that agency funds are available to make payment
5. Receives e-mail from PMO certifying payment
 6. OFRM enters payment transaction in System of Accounting Reporting (SOAR)
 7. OFRM enters transaction in PASS
 8. OFRM makes an ACH to JPMC

Agency Reconciliation in Soar

The Agency Fiscal Officer (AFO) or Financial Manager reconciles the Pcard charges posted by OFRM to the various expense accounts in SOAR

REBATES

The rebate rate is based on the Memorandum of Understanding. Currently the average rebate is about 1.5% of total Pcard spending. The two factors used to determine the rate is:

- 92% of total Pcard spending
 - 64% of total spending based on a 6-day payment by OFRM
1. JPMC sends the rebate check to OFRM quarterly.
 2. OFRM gives the check to OCP/OFRM AFO
 3. AFO deposits the check in the District of Columbia Supply Schedule and Pcard Fund (O-Type Revenue Fund 6102)
 4. The rebate is used to support the Pcard Program operations. Any excess at year end is carried over to the next year.
 5. As of April 8, 2011 the OCP O-Type Revenue Fund was abolished and the rebate is now being deposited in the General Fund and the program is currently funded from the operating budget.

REPORTING REQUIREMENTS FOR PMO

1. Sends a Monthly Transaction Detail Report to OCTO to post on-line on the OCP site (Digital Public Square)
2. Sends a Quarterly Purchase Card Report to the D.C Council due 30 days after the end of quarter.

CANCELLATIONS

1. APC notify PMO that the CH Pcard should be cancel due to any of the following:
 - CH is found to have engaged in waste, fraud and abuse
 - CH left the agency
 - CH left the District government

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT
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- CH no longer needs the Pcard
2. PMO goes to PNet and close the CH account and denotes the reason for closing the account (this action rescinds the associated delegations of authority)
 3. PMO prints and files the screen shot
 4. Enter closing in PMO database

APPENDIX 2

**TRANSACTION RESULTS SUMMARY
FROM COUNCILMEMBER CHEH'S OFFICE**

DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT THE OFFICE OF CONTRACTING AND PROCUREMENT

TRANSACTION RESULTS SUMMARY FOR REQUEST FROM COUNCILMEMBER CHEH'S OFFICE

Attributes Tested: Allowability		No of Transactions
	Allowable	31
	Unallowable	5
Attributes Tested: Proper Support		
	Receipt	31
	No Receipt	5
OFRM Transaction	Did not Exist	1
Total Transactions		37

Of the 37 transactions examined, five purchases were unallowable and five purchases were not properly supported. The unallowable items purchased were made for water, equipment and warranty for equipment with a dollar value of \$4,733.84. Inadequately supported transactions (missing receipts) were made for authorized purchases of water with a dollar value of \$832.25. Another item of the 37 was a \$2,200 transaction that was associated with the Office of Finance and Resource Management. However, our audit showed that this transaction did not exist in PNet

EXHIBIT 1
SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

EXHIBIT 1: Summary of Potential Benefits Resulting from Audit

	Recommendations	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status⁴
1	Reduces potentially high financial loss to the District and circumvention of regular procurement process	Internal Control	TBD	Unresolved
2 (a)	Ensures that breached preventative controls are corrected and promotes accountability	Internal Control and Effectiveness	12/31/2012	Open
2 (b)	Ensures that breached preventative controls are corrected and promotes accountability	Internal Control and Effectiveness	12/31/2012	Open
3	Improves efficiency and promotes accountability	Program Results	TBD	Unresolved
4	Improves efficiency and promotes accountability through monitoring	Compliance and Internal Control	9/30/2012	Open
5	Improves Efficiency	Compliance Potential Monetary \$30,600	TBD	Unresolved
6	Improves efficiency and promotes accountability	Program Results	10/1/2012	Open
7 (a)	Improves efficiency and promotes accountability	Program Results Potential Monetary (Questioned Cost) \$1,200,000.00	TBD	Open
7 (b)	Improves efficiency and promotes accountability	Internal Control and Effectiveness	TBD	Unresolved
8	Improves efficiency and promotes accountability	Program Results	10/1/2012	Open

¹ This column provides the status of a recommendation as of the report date. For final reports, "Open" means management, and the OIO agree on the action to be taken, but is not complete. "Closed" means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management's response is used. "Unresolved" means that management has agreed neither to take the recommended action nor propose satisfactory alternative actions to correct the condition.

EXHIBIT 2

LISTING OF INCREASED LIMITS WITHOUT ADEQUATE JUSTIFICATION

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT THE OFFICE OF CONTRACTING AND PROCUREMENT
INSTANCES OF INCREASED LIMITS WITHOUT ADEQUATE JUSTIFICATION**

	Cluster	Agency	Cardholder	Single Purchase Limit	Daily Limit	Credit Limit	Justification for Spending Limit Increases
1	GOC	Asian & Pacific Islander Affairs	A	4,000	4,000	10,000	Professional translators for website content conversion
2	GOC	Board of Elections and Ethics	B	5,000	5,000	25,000	September & November 2010 Election Support
3	HSSC	Child and Family Service Agency	D	2,500	5,000	10,000	Youth College tour lodging
4	Independent	DC Public Schools	C	44,877	44,877	54,877	Kindle pilot book project
5	Independent	DC Public Schools	D	44,877	44,877	54,877	Kindle pilot book project pt2
6	EDRC	Department of Employment Services	E	5,000	10,000	50,000	SYEP IT Logistics
7	HSSC	Department of Human Services/FSA	F	5,000	5,000	20,000	EOFY procurements
8	HSSC	Department of Human Services/FSA	H	5,000	5,000	20,000	EOFY procurements
9	HSSC	Department of Human Services/FSA	I	5,000	5,000	20,000	EOFY procurements
10	HSSC	Department of Human Services/FSA	J	5,000	5,000	20,000	EOFY procurements
11	HSSC	Department of Human Services/FSA	K	5,000	5,000	20,000	EOFY procurements
12	HSSC	Department of Human Services/FSA	L	5,000	5,000	20,000	EOFY procurements
13	HSSC	Department of Human Services/IMA	M	5,000	5,000	20,000	EOFY procurements
14	HSSC	Department of Human Services/IMA	N	5,000	5,000	20,000	EOFY procurements
15	HSSC	Department of Human Services/OD	O	5,000	5,000	20,000	EOFY procurements
16	HSSC	Department of Human Services/OD	P	5,000	5,000	20,000	EOFY procurements
17	HSSC	Department of Human Services/OIS	Q	5,000	5,000	20,000	Specialized IT equipment for Situation/Crisis Mgmt
18	GSC	District Department of the Environment	R	2,500	10,000	50,000	Expend Federal Funding
19	GSC	District Department of the Environment	S	5,000	10,000	50,000	Mayor's Conservation Copr & Green Summer Programs
20	GSC	District Department of the Environment	T	5,000	10,000	50,000	Spenddown grant funding
21	GSC	District Department of Transportation	U	5,000	5,000	15,000	Relocation supplies and services - various locations
22	GOC	Executive Office of The Mayor	V	5,000	5,000	50,000	equipment & EOFY procurements #7744
23	GOC	Department of Education	D	10,000	10,000	15,000	gift cards-no justification
24	GOC	Executive Office of The Mayor	V	5,000	5,000	50,000	equipment & EOFY procurements #7769
25	EDRC	Office of Cable Television and	W	6,000	6,000	10,000	NATO conference registration
26	GOC	Office of Community Affairs	X	5,000	5,000	50,000	operational improvements
27	GOC	Office of Contracting and Procurement	Y	5,000	10,000	50,000	new and increasing technological demands as well as to
28	GOC	Office of Finance and Resource	Z	5,000	10,000	24,000	equipment & EOFY procurements
29	HSSC	Office of Human Rights	AA	5,000	10,000	30,000	Advertising Campaign
30	GOC	Office of Human Rights	AA	2,500	5,000	15,000	EOFY Spend down
31	GOC	Office of Latino Affairs	BB	5,000	5,000	20,000	Interpreting Services
32	GOC	Office of Latino Affairs	CC	5,000	5,000	20,000	Interpreting Services
33	EDRC	Office of Motion Pictures	DD	15,000	15,000	15,000	sole source advertising procurement
34	GOC	Office of the Inspector General	EE	2,500	5,000	20,000	Justification Unknown
35	GOC	Office of the Inspector General	EE	3,500	5,000	20,000	in order to manage the funds budgeted for the OIG
36	GOC	Office of Veteran Affairs	FF	5,000	5,000	20,000	furniture & EOFY procurements
37	PSJC	Metropolitan Police Department	GG	25,000	25,000	35,000	Sole Source PC acquisition for MPD college tour

EXHIBIT 3

SAMPLE OF ART MEETING SIGN-IN SHEET

Agency Review Team Sign-In Sheet

Following the completion of your monthly Agency Review Team meeting please have all attendees sign in the designated area below. Attendees should include the Agency Program Coordinator, Agency Head or Designee, Designated Billing Official, and Lead Approving Official. Upon completion, scan and e-mail a copy of this document to pcard@dc.gov.

Agency: _____

Billing Cycle: _____

A signature indicates that the ART member has received and reviewed a copy of all required PaymentNet Reports from their Agency Program Coordinator including the Transaction Detail Report with Account Codes and Notes, the Pending Review Approval Report, Declines Report, Transaction Disputes By Status, Unusual Activity Report, Suspension/Cancellation Report and the T&E (Travel and Entertainment) Activity by Cardholder Report (when applicable).

NAME

USER ROLE

DATE

Note: If your agency incurred no transactions for the previous billing cycle send an e-mail to pcard@dc.gov indicating this fact.

For more information contact the Purchase Card Program Management Office at pcard@dc.gov, or call the Peard hotline at 202-654-6013.

EXHIBIT 4

LISTING OF ART VIOLATIONS BY AGENCY

EXHIBIT 4

LISTING OF ART VIOLATIONS BY AGENCY								
Agency	Cluster	1	2	3	4	5	6	7
Board of Real Prop. Assessments & Appeals	EDRC	5	3	0	0	0	0	7
DC Taxicab Commission	EDRC	7	3	0	0	0	0	0
Department of Employment Services	EDRC	6	4	0	0	0	0	3
Department of Housing and Community Development	EDRC	5	5	0	0	0	0	0
Department of Small and Local Business Development	EDRC	2	9	0	0	0	0	0
Deputy Mayor for Planning and Economic Development	EDRC	4	1	0	0	12	0	0
Office of Motion Pictures	EDRC	4	8	0	0	0	0	0
Office of Zoning	EDRC	5	1	0	2	12	0	0
EDRC Total		38	34	0	2	24	0	10
Board of Elections and Ethics	GOC	4	5	0	0	0	0	0
Contract Appeals Board	GOC	4	6	4	0	0	0	0
Department of Disability Services	GOC	5	7	0	0	6	0	0
Executive Office of The Mayor	GOC	1	8	0	0	4	0	0
Office of Advisory Neighborhood Commission	GOC	1	6	0	0	0	0	0
Office of Finance and Resource Management	GOC	3	5	0	0	0	0	0
Office of Partnerships and Grant Services	GOC	4	3	0	0	0	0	0
Office of Property Management (DRES)	GOC	3	8	0	0	0	0	2
Office of the Attorney General	GOC	0	2	0	0	0	0	0
Office of the City Administrator	GOC	3	5	0	0	0	1	6
Office of the Inspector General	GOC	8	2	0	0	0	0	12
Office of the Secretary	GOC	5	6	0	0	0	0	4
Office of Veteran Affairs	GOC	4	2	0	0	0	0	0
Office on Aging	GOC	4	3	0	9	9	0	0
Public Employee Relations Board	GOC	1	6	0	0	0	1	2
Serve DC	GOC	2	9	0	0	0	0	3
GOC Total		52	83	4	9	19	2	29
Department of Mental Health	HSSC	5	4	0	0	8	0	0
Department of Parks and Recreation	HSSC	0	12	0	0	0	0	0
HSSC Total		5	16	0	0	8	0	0
Criminal Justice Coordinating Council	PSJC	4	5	0	0	0	0	0
DC Sentencing Commission	PSJC	0	3	0	0	0	0	0
Department of Corrections	PSJC	4	7	0	0	0	0	0
Homeland Security and Emergency Management Agency	PSJC	2	7	0	0	0	0	0
Office of Administrative Hearings	PSJC	4	6	0	0	6	0	0
Office of Unified Communications	PSJC	0	1	0	0	0	0	0
Office of Justice Grants Administration	PSJC	7	1	0	0	0	0	4
PSJC Total		21	30	0	0	6	0	4
DC Public Schools	Independent	0	8	0	0	0	0	0
Office of the Chief Financial Officer	Independent	12	0	0	0	0	0	11
University of the District of Columbia	Independent	0	9	0	0	1	0	0
Independent Agencies Total		12	17	0	0	1	0	11

- 1 = ART Meeting sign-in sheet were not submitted timely
- 2 = No ART Meeting sign-in sheet were submitted to OCP
- 3 = ART Meeting sign-in sheet were not signed by ART members
- 4 = Cardholders were participants at the monthly ART meeting
- 5 = Required ART Meeting sign-in sheet was altered and submitted
- 6 = One ART meeting was held for multiple months
- 7 = Two or more months of ART Meeting sign-in sheet were combined

EXHIBIT 5

SUMMARY OF PURCHASE CARD PROGRAM MANAGER DUTIES

**DISTRICT-WIDE AUDIT OF PURCHASE CARD PROGRAM AT THE OFFICE OF CONTRACTING AND PROCUREMENT
PURCHASE CARD PROGRAM MANAGER DUTIES AND RESPONSIBILITIES**

Origination

Account origination: new APC, AO, cardholder, designated billing officials (finance personnel access)
 Agency deployment discussions/emails/briefings
 Agency Deployment inquiries
 Agency set up on bank platform
 Coordinate card issuance/pick-up - new & replacement
 Funding verification w/ APC, financial process partners & OFRM
 Prepare training affidavits prior to training and for walk-in participants after training
 Receive, proof, route and retain delegation of contracting authority letters for new and spending limit requests

Day to Day Ops

Account cancellations & rescission of contracting authority letters
 Account maintenance - Update/maintain participant info: CH change of address, name change, AO updates, hierarchy changes
 Allowable purchase inquiries (i.e. can we buy inquires: food, giftcards, etc.)
 APC transition activity/compliance issues
 ART Designations (when participants change)
 Conduct Training - procedures and PaymentNet ; group and one-on-one
 Customer service - disputes, declines, password resets. Card replacements (expiration, compromised account info, etc.) Mail pick-up: new and replacement cards.
 Database updates - training info, cancellations, etc.
 Enforce Administrative issuance/Mayor's Orders (i.e. Mandatory Use, No Training/Travel, NPS Local Freeze)
 Internal controls: MCC Changes
 JPMC PCard Invoice certifications - monthly
 PaymentNet - spending limit adjustments after CPO approval
 PaymentNet access requests - establish user-ids and passwords for all agency participants
 PaymentNet maintenance - update templates, welcome page, message board
 PaymentNet password resets - daily
 PCard wiki maintenance
 Policies and procedures, MOUs, program directives, etc.
 Process new request forms: cardholder, ao, dbo, auditors
 Process agency requests for increased spending limit adjustments (EMERGENCY & EOFY)
 Provide situational awareness based on policies, statutory requirements, executive directives, etc.
 Records mgmt - updating PMO books/filing
 Roundtable logistics
 Update training materials as needed
 Update/maintain bank records (master contact list)

Reporting

Ad hoc requests (budget/council)
 Audits - DC CAFR, OPIC, OCFO/OIO, OIG Inquiries, DC Auditor
 Bi-Annual OCFO/OIO PCard Audit
 CAFR Remediateion discussion, POA, etc.
 Delegation reports (bi-annual)
 Issue Pre-suspension warning communication for ART delinquencies
 Monitor monthly ART Sign-In sheet submissions to insure program oversight compliance
 Monthly ART Sign-In sheet reminders
 Monthly Data warehouse task - run TDR report, scrub, identify questionable transactions, forward to OCTO data warehouse team by 5th of each month
 Process FOIA requests within 15 day period after receipt, send results to FOIA Specialist
 Quarterly PCard Council report - obtain spend and encumbrance totals from OFRM, populate spreadsheet, validate numbers, forward for CPO approval prior to transmission
 Request explanations for questionable transactions (monthly)
 Run monthly cardholder profile report (participants list)
 Statistical reporting (utilization, scorecard, training #s)
 Waste fraud, abuse and mismanagement (WFAM) transaction monitoring, Compliance issues

Administrative

route delegation of contracting authority letters for new requests to CPO after smell test
 route delegation of contracting authority letters for increased spending limit requests to CPO after smell test
 route Allowable purchase inquiries (i.e. can we buy inquires) to CPO after smell test
 certify monthly Pcard invoices from OFRM for payment
 review and route Quarterly PCard Council report to CPO for approval prior to transmission
 assist program manger with workload (i.e. prioritize superseding tasks)
 Field agency inquires when necessary
 Other duties as crisis's arise
 Assist with program compliance issues (i.e. ART compliance, funding compliance, required training for all participants)
 Source: Program Manager

EXHIBIT 6

MANAGEMENT RESPONSES

- **RESPONSE FROM THE OFFICE OF CONTRACTING AND PROCUREMENT (OCP)**
- **RESPONSE FROM THE GOVERNMENT OPERATIONS CLUSTER (GOC/OFRM)**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF CONTRACTING AND PROCUREMENT



OFFICE OF THE DIRECTOR

March 9, 2012

William J. DiVello
Executive Director
Office of Integrity and Oversight
Office of the Chief Financial Officer
441 4th Street, NW
Washington, DC 20001

Re: **OIO No. 11-02-09 OCFO**

Dear Mr. DiVello:

Pursuant to the Office of Integrity and Oversight (OIO) District-Wide Audit of the Purchase Card Program, please see our responses to your recommendations below.

Recommendation 1: Develop and implement an action plan with more stringent and explicit criteria to justify increases in cardholder spending limits to include carrying out sanctions for agencies/individual that do not comply.

OCP agrees in part with this recommendation. Procedures related to requests for increases in P-card limits and sanctions for violating P-card policies and procedures are well documented and long-standing tenets of OCP's Purchase Card Policies and Procedures which stipulate that participating agencies are or should be familiar with.

Agency directors may request in writing to the Chief Procurement Officer an increase in purchase card single purchase, daily or monthly limits based on the agency's budget capacity and programmatic needs. The requests must contain information regarding the name of the cardholder, the reasons justifying the increase, and the impact on the agency's operations if the cardholder's limits are not increased. *See*

OCP Policies and Procedures pgs. 18 -19. The CPO or designee then determines if the agency director's request is justified. Nevertheless, we concur that we should take the additional steps to periodically review and adjust credit card limits based on each cardholder's historical spending data. Limits for cardholders are initially established by the individual agency heads to meet the purchasing needs of the agency. Exceptions for the establishment of credit limits beyond historical spending will be based upon unique needs and will be documented. The Program Management Office (PMO) will continue to monitor the length of time the higher limits are allowed to ensure limits are not left at a higher limit longer than is needed. In addition, the PMO will by the end of the calendar year issue a memo to participating agencies emphasizing the rules regarding requests for increases in purchase card limits.

Also note that a process is in place to address instances of non-compliance. As explained in OCP's P-card policies and procedures, any program participant (i.e. agency, cardholder, Agency Program Coordinator, Approving Official, and Designated Billing Official) can be suspended from participating in the P-card program for failing to abide by established policies and procedures. The ART team is responsible for reviewing cardholders' transactions and enforcing PMO program sanctions when applicable or recommending disciplinary action against agency card program participants when appropriate. *See OCP Policies and Procedures* pg. 32. However, OCP concurs that there needs to be more stringent enforcement of sanctions and will issue a memorandum to participating agencies emphasizing the importance of the need to carry out sanctions against individuals who do not comply with P-card policies and procedures.

Recommendation 2: (a) Contact JPMC and request explanations for allowing those transactions with prohibited MCC 0000 to go past the point of sale. Obtain assurance that the problem is resolved.

JP Morgan Chase P-cards are equipped with built-in spending controls, including vendor Merchant Category Code (MCC) blocks. The MCCs are assigned by JP Morgan Chase and are based on vendors' primary line of business. JP Morgan is responsible for ensuring that MCCs are set up appropriately.

In 2009, when OCP's P-card Policies and Procedures were last revised, MCC 0000 was classified as a "high risk" purchase due to its association with convenience check transactions under OCP's prior bank partner (U.S. Bank). It was therefore blocked as a "prohibited transaction." Presently, under JP Morgan Chase's banking system, MCC 0000 is not associated with the purchase of convenience checks and is used to classify

those transactions that have “unknown” MCCs. Therefore, any transaction that is not categorized under an established MCC will by default be assigned MCC 0000. As indicated in the OIO’s audit report, all purchases associated with MCC 0000 were “international transaction” charges that were classified by JP Morgan Chase as MCC 0000 transactions. OCP does not consider MCC 0000 to be a “high risk” transaction, and none of the transactions cited by OIO were associated with prohibited transactions.

Under JP Morgan Chase, convenience check transactions are associated with MCC 9999 and are currently blocked from going past the point of sale. OCP will update its policies and procedures to declassify MCC 0000 as a prohibited transaction and will add MCC 9999 to the list of prohibited transactions.

(b) Inform OIO of the specific actions taken to resolve the issue and provide a specific date of estimated completion.

Please see above response. OCP intends to update its P-card policies and procedures by the end of the calendar year.

Recommendation 3: Develop and Implement a corrective action plan to ensure that ART members are meeting on a monthly basis and following the purchase card policies and procedures.

As communicated in our response to the CAFR 2011 Notice of Findings and Recommendations (NFR), OCP agrees that P-Card policies and procedures are not being followed consistently by all District agencies. However, and as communicated in the FY 2010 audit cycle, these findings refer to program oversight and surveillance reporting under the purview of each Agency Review Team (ART). OCP has followed through on its prior year commitment to increase oversight activities. In FY 2012, following an agency-wide realignment, OCP’s Office of Procurement Integrity and Compliance (OPIC) began random audits of select District agencies to augment training, administration and guidance provided by the PMO.

While some of OIO’s findings from this year’s District-Wide P-Card audit are consistent with observations in eleven (11) of OPIC’s Q1FY2012 audits, it is fair to state that adherence to applicable policies and procedures is uneven and must be addressed on an agency-by-agency basis. To that end, OCP strongly encourages OIO to cite the non-adhering agencies in future audit findings to increase accountability, craft agency-specific remediation action steps and better inform oversight activities.

Agency heads are responsible for ensuring that all P-card expenditures are appropriate and that all of their cardholders are adhering to Purchase Card Policies and Procedures, including holding timely ART team meetings. OCP will send a memorandum to participating agency directors to emphasize responsibilities associated with managing the purchase card program and the need for effective internal controls.

Recommendation 4: Take action to ensure that purchase card activities are monitored by OPIC at the agency level. OPIC should develop an annual audit monitoring plan approved by the Chief Procurement Officer.

OCP agrees with this recommendation. The extent of monitoring performed by OPIC in FY2010 was informed by results from the FY2009 CAFR Audit. OPIC has 'date stamped' evidence in its deficiency and remediation database detailing activity performed in CY2010 and a subsequent review performed in CY2011 following the departure of the Assistant Director charged with managerial oversight of the Purchase Card Program.

The adequacy of monitoring and oversight is a business decision within the purview of management and is hinged upon a reasonable perception of the magnitude and likelihood of risks and the availability of resources. Based on the limited resources OPIC had at the time, OPIC's FY2010 audit plan was risked based using the result from the FY2009 CAFR audit, approved by the CPO.

Also note that OPIC was going through a period of transition as a result of OCP's organizational realignment. Consequently, those charged with governance were not informed of the OIO auditor's requests. Had the responsible person within the OPIC division been given the opportunity to respond, this could have prevented the duplication of effort and given OIO the opportunity to determine whether the information contained in previous audit reports could have informed the nature, timing and extent of its testing procedures.

Recommendation 5: Develop and implement corrective actions to ensure that purchase card invoices are paid within five days as required.

The Office of Finance and Resource Management (OFRM), the office charged with reconciling cardholder transactions and account summary reports for payment each month, has agreed to supply OIO with a corrective action plan to ensure that purchase card invoices are paid within five days as required.

Recommendation 6: Take action to allocate the necessary resources to adequately manage the purchase card program, including supervisory oversight of program compliance.

Agency directors and APCs are responsible for ensuring that all P-card expenditures are appropriate and that all of their employees adhere to Purchase Card Policies and Procedures.

Following the organizational realignment, OCP was streamlined and reduced its FTEs by 17 positions. Recently, a budget enhancement was approved to add an additional FTE to the P-card program beginning in FY2013. Given the present circumstances and limited resources, OPIC has increased the scope and frequency of P-card oversight to include field audits and management has assigned technical liaison responsibilities with JP Morgan Chase to OCP's IT division. It is our expectation that these strategic shifts in resource allocations and, hopefully, the hiring of an additional FTE will enhance oversight of program compliance.

Recommendation 7: (a) Promptly locate the missing documentation to determine whether the expenditures were valid and properly authorized, and notify OIO of the results.

Due to the tremendous number of P-card purchases that are made on a monthly basis, OCP does not keep files of the documentation that cardholders' obtain in order to validate purchases. These files are required to be kept at the agency level. OCP's P-card Policies and Procedures require the cardholder to keep complete and accurate records of card purchases, including maintaining copies of receipts with bank statements. *See OCP P-card Policies and Procedures at pg. 11.*

To assist in remediating this issue, OCP will issue a memorandum to participating agencies directing cardholders to locate any missing documentation. In compliance with OCP's P-card Policies and Procedures, cardholders will also be required to explain any missing receipts within PaymentNet. *See pg. 30.* As previously expressed, OCP strongly encourages OIO to cite the non-adhering agencies in future audit findings to increase accountability, craft agency-specific remediation action steps and better inform oversight activities.

(b) Develop and implement a shared website where supporting documents can be scanned and stored. Cardholders should be given input and view access, all other purchase card participants should be given view only access to the site.

OCP disagrees with this recommendation. In order to promote transparency and accountability, all purchase card transactions are posted on the Citywide Data Warehouse website. The Citywide Data Warehouse is maintained by the Office of the Chief Technology Officer (OCTO) and P-card transaction data is updated monthly. The information provided includes the agency name, the transaction date and amount, the vendor's name and the MCC description. For further information about specific transactions, inquirers are encouraged to contact relevant agencies directly. Considering the amount of purchases that are made on a monthly basis, it would be an undue administrative burden to require cardholders to scan supporting documentation and upload it into the system.

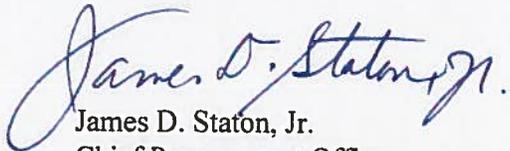
Recommendation 8: Take actions to ensure program continuity and a back-up plan for emergencies; especially, one or more persons should be cross-trained to assume the duties and responsibilities of the PM in order for a smooth transition should the need arise.

Please reference our response to recommendation number six. As previously explained, recently a budget enhancement was approved to add an additional FTE to the P-card program beginning in FY2013. In addition, our Program Manager reports to senior management who has oversight of the program and is charged with ensuring continuity of operations. On June 5, 2011, OPIC performed a risk appraisal and identified the risk associated with insufficient staffing. This risk was communicated to senior management on July 19, 2011.

OCP is pleased that adequate internal controls are in place, and we will continue to strengthen these controls through the audit process. Although the current audit had very few and mostly procedural findings, OCP understands that the potential to abuse the program requires vigilance, and that the magnitude of risk exposures could be as volatile as the extent of an individual cardholder's adherence with policies and procedures. The flexibility and autonomy of this program make it both a benefit to the District and a potential risk. Currently, the program's benefits outweigh the risks and OCP will continue to work with participating agencies to ensure this continues.

If you have any further questions regarding this response please contact Yinka T. Alao, OCP Procurement Integrity & Compliance Officer at ocp.integritycompliance@dc.gov or Lena Lee, Procurement-Strategic Analyst, Office of Procurement Integrity & Compliance at 724-5279.

Sincerely,

A handwritten signature in blue ink that reads "James D. Staton, Jr." in a cursive style.

James D. Staton, Jr.
Chief Procurement Officer
Office of Contracting and Procurement

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
GOVERNMENT OPERATIONS CLUSTER



MEMORANDUM

TO: William DiVello
Director, Office of Integrity and Oversight
Office of the Chief Financial Officer

FROM: Mohamed A. Mohamed
Associate Chief Financial Officer
Government Operations Cluster *MZ*

DATE: March 8, 2012

SUBJECT: Payment of JPMC Purchase Card Invoices

I am in receipt of the January 31, 2012 Purchase Card Program audit report released by your office. Please find below a recap of the findings and responses outlined below:

AUDIT FINDINGS

- OFRM submitted 2 out of the 16 purchase card payments late (more than 30 days after close of billing cycle) in 2010.
- OFRM violated the District's Quick Payment Act.
- As a result of the late payments, the District lost \$30,566 in rebates.

OFRM RESPONSE

OFRM concurs with the findings related to payments of JP Morgan Chase invoices. However, there are elements in the findings that are not supported by appropriate documents and data gathering. Specifically, the audit states:

- OFRM violated the District's Quick Payment Act
 - OFRM agrees that we made late payments, violating the District's Quick Payment Act, but with explanation. In the audit, January 2010 and November 2010 are referenced.
 - January- JPMC changed their account information without notifying OFRM or OCP and payment went to the incorrect bank account. The payment was reprocessed once the account information was confirmed.

- November- Delayed submission and certification. There are few steps before making payments to the bank including preparation and submission of PDR; and getting certification from OCP.

As outlined in OFRMs response to the recommendation(s), we have addressed the gaps within the process, ensuring timely payments in the future.

- Currently rebates average about 1.5% of purchases.
 - In review of all existing documentation, MOUs, the contract (Solicitation No. FCXC-G1-060001-N), and PCard Policy and Procedures, the 1.5% JPMC calculations are not available. In fact, the contract states that the rebates are calculated based on the District's purchase card usage & payment efficiency. To assign a percentage and calculate a loss without accurate information would be erroneous.
- As a result of the late payments, the District lost \$30,566 in rebates.
 - The auditor's analysis on lost rebates revenue is not based on accurate information. It is assumed (and stated in the audit findings) that the District did not get any rebate for payment after 30 days. However, documentations provided by OCP and the Bank including the contract states that rebates are calculated based on the District's purchase card usage & payment efficiency (productivity).

Total Rebates = (Pcard Usage rebate + Productivity rebate) - industrial Funding Fee

This means, the District gets rebate points for using the purchase card regardless of the efficiency in payment. Our record (which is based on actual checks received from the bank) supports this fact; we have collected revenues every quarter even if there are delayed payments. Only a portion of the rebate is affected by late payment. In addition, Section B.4.2 of the contract states that the productivity dependant rebates incentive will not be given to the District only if the file turn exceeds 60 days.

The District will always earn a reduced rebate amount because our processes, internal controls and technology do not allow for same day payments as required by the JPMC purchase card program.

The Purchase Card program as administered by OCP is modeled after the contract agreement between the Federal Government and JPMC. That same contract agreement does not require or suggest a five (5) day processing time as a requirement in earning 100% of the rebate. In fact, the bank has confirmed that the District will not get 100% of the rebate amount even if OFRM makes the payment in five days; or even same day. (See attachment). The District's implementation of a five (5) day certification and payment cycle is a self-imposed policy by OFRM and OCP as a means to maximize our participation in the Purchase Card program.

With our current financial system and five (5) day payment cycle, the District will never be able to enjoy the full rebate benefits of the JPMC purchase card program.

AUDIT RECOMMENDATIONS

- OFRM will streamline the existing payment process to function similar to the federal governments "Pay and Chase Model." The proposed process changes will improve the timeliness of payments and hold all process partners accountable for their role in the payment process.

The existing process is as follows:

1. On the 21st of each month OFRM logs into PaymentNet and retrieves the Monthly Transaction Report (invoice) which summarizes all cardholders activities
2. OFRM formats the report by agency to determine each agency's portion of bill
3. OFRM creates a Pay Distribution Report (PDR) and takes the following actions:
 - Sends PDR to PMO for certification of payment
 - Verifies that agency funds are available to make payment
4. OFRM receives an e-mail from PMO certifying payment
5. OFRM enters payment transaction in System of Accounting Reporting
6. OFRM enters payment transaction in PASS
7. OFRM request that OFT make an ACH payment to JPMC
8. OFT processes ACH payment request and ensures transmittal to JPMC

The revised process is as follows:

1. On the 21st of each month OCP logs into PaymentNet and retrieves the Monthly Transaction Report (Invoice) which summarizes all cardholders activities
 - OCP formats the report by agency to determine each agency's portion of bill
 - OCP creates and transmits the Pay Distribution Report (PDR) to all program and financial process partners
 - OCP sends Certification Memo and PDR to OFRM process payment to JPMC
2. OFRM enters payment transaction in System of Accounting Reporting
3. OFRM enters payment transaction in PASS
4. OFRM request that OFT expedite ACH payment to JPMC
5. OFT expedites ACH payment request and ensures transmittal to JPMC

The revised payment process will include the implementation of a monthly payment process schedule that outlines the key deliverables required to ensure that payments are made within 7 business days. (See Attached)

- OCP/OFRM will ensure that there is a primary and alternate preparer and approver for all essential payment process functions.

OFRM Audit Response- JPMC Purchase Card

- OCP/OFRM will hold quarterly Round Table Meetings to provide program and financial updates, monitor agency rebate performance, discuss operational concerns and offer feedback to improve the programs efficiency.

The proposed corrective measures will be fully implemented by **March 21, 2012**. OFRM will continue to work closely with OCP to comply with payment requirements, improve program efficiencies and increase the Districts Productive Refund Factor.

Should you have any questions or require additional information, I can be reached on Mohamed.mohamed@dc.gov. Thank you.

**2012 PCard Payment Process
Action Plan**

Fiscal Month	Action Calendar						Target Payment Date to JPMC	OFFRM Accounting Intra-District Billing
	OCP Certification & PDR (1 day)	OFFRM A/P Process Payment (2 day)	OFT Vendor Center		Target Payment Date to JPMC	OFFRM Accounting Intra-District Billing		
			ACH Request (1 day)	ACH Transmittal (2 day)				
March	3:00 PM 3/21/2012 Wednesday	3:00 PM 3/23/2012 Friday	3:00 PM 3/26/2012 Monday	3:00 PM 3/28/2012 Wednesday	3:00 PM 3/29/2012 Thursday	3:00 PM 4/8/2012		
April	3:00 PM 4/23/2012 Monday	3:00 PM 4/25/2012 Wednesday	3:00 PM 4/26/2012 Wednesday	3:00 PM 4/30/2012 Monday	3:00 PM 5/1/2012 Tuesday	3:00 PM 5/8/2012		
May	3:00 PM 5/21/2012 Monday	3:00 PM 5/23/2012 Wednesday	3:00 PM 5/24/2012 Thursday	3:00 PM 5/29/2012 Tuesday	3:00 PM 5/30/2012 Wednesday	3:00 PM 6/8/2012		
June	3:00 PM 6/21/2012 Thursday	3:00 PM 6/25/2012 Monday	3:00 PM 6/26/2012 Tuesday	3:00 PM 6/28/2012 Thursday	3:00 PM 6/29/2012 Friday	3:00 PM 7/8/2012		
July	3:00 PM 7/23/2012 Monday	3:00 PM 7/25/2012 Wednesday	3:00 PM 7/26/2012 Thursday	3:00 PM 7/30/2012 Monday	3:00 PM 7/31/2012 Tuesday	3:00 PM 8/8/2012		
August	3:00 PM 8/21/2012 Tuesday	3:00 PM 8/23/2012 Thursday	3:00 PM 8/24/2012 Friday	3:00 PM 8/28/2012 Tuesday	3:00 PM 8/29/2012 Wednesday	3:00 PM 9/8/2012		
September	3:00 PM 9/21/2012 Friday	3:00 PM 9/25/2012 Tuesday	3:00 PM 9/26/2012 Wednesday	3:00 PM 9/28/2012 Friday	3:00 PM 10/1/2012 Monday	3:00 PM 10/8/2012		
October	3:00 PM 10/22/2012 Monday	3:00 PM 10/24/2012 Wednesday	3:00 PM 10/25/2012 Thursday	3:00 PM 10/29/2012 Monday	3:00 PM 10/30/2012 Tuesday	3:00 PM 11/8/2012		
November	3:00 PM 11/21/2012 Wednesday	3:00 PM 11/21/2012 Monday	3:00 PM 11/27/2012 Tuesday	3:00 PM 11/29/2012 Thursday	3:00 PM 11/30/2012 Friday	3:00 PM 12/8/2012		
December	3:00 PM 12/21/2012 Friday	3:00 PM 12/26/2012 Wednesday	3:00 PM 12/27/2012 Thursday	3:00 PM 12/31/2012 Monday	3:00 PM 1/1/2013 Tuesday	3:00 PM 1/8/2013		

Note: Action dates are the deadline for taking specific actions
Target Payment Date to JPMC allows 7 Business Days