

# GAO Highlights

Highlights of [GAO-17-276](#), a report to congressional requesters

## Why GAO Did This Study

For fiscal year 2014, the most recently available data at the time of GAO's review, the federal government spent \$8.7 billion in micropurchases using purchase cards. In its last government-wide review of the program in 2008, GAO found that internal control weaknesses in agency purchase card programs left the government vulnerable to fraud, waste, and abuse. GAO was asked to review purchase card micropurchases to determine whether weaknesses still exist.

GAO examined (1) what actions GSA and OMB have taken since 2008 to enhance program controls over micropurchases and (2) whether weaknesses exist in the approval process for them and, if so, whether there are indicators of improper or potentially fraudulent purchases. GAO analyzed purchase card policies and guidance issued by OMB and GSA; obtained purchase card data on fiscal year 2014 transactions; tested three elements of the approval process through a generalizable random, stratified sample of 300 transactions from a population of over 17 million across the government; and conducted targeted data mining for improper or potentially fraudulent purchases.

## What GAO Recommends

GAO recommends that GSA reemphasize OMB guidance to obtain and retain complete documentation of micropurchases, and that DOI require cardholders to document purchase request and preapproval for self-generated purchases. GSA concurred with GAO's recommendation. DOI partially agreed, noting potential challenges with requiring preapproval. GAO still believes this recommendation is valid.

View [GAO-17-276](#). For more information, contact Kathryn A. Larin at (202) 512-6722 or [larink@gao.gov](mailto:larink@gao.gov).

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## GOVERNMENT PURCHASE CARDS

### Little Evidence of Potential Fraud Found in Small Purchases, but Documentation Issues Exist

## What GAO Found

Since 2008, the General Services Administration (GSA) and the Office of Management and Budget (OMB) have taken several steps, in part to address prior GAO recommendations, to enhance purchase card program controls over micropurchases, which are currently capped at \$3,500 for most purchases. These steps include developing training, monitoring tools, and guidance. For example, according to OMB guidance, a cardholder should maintain documentation to minimize risk of erroneous and improper purchases, including documentation of the purchase request and preapproval for self-generated purchases.

GAO's government-wide review found some weaknesses in the approval process for micropurchases due to inadequate documentation. Specifically, in its sample, GAO found that 22 percent of transactions government-wide did not have complete documentation to substantiate the transactions' approval process. Additionally, GAO estimated that 23 percent of Department of Defense (DOD) transactions and 13 percent of Department of Veterans Affairs (VA) transactions had incomplete documentation. Together, DOD and VA accounted for about two-thirds of all micropurchase spending in fiscal year 2014.

#### Estimated Completeness of Documentation for the Purchase Card Approval Process under the Micropurchase Limit in Fiscal Year 2014

Percent				
Approval process documentation	Government-wide	Department of Defense (DOD)	Department of Veterans Affairs (VA)	
Incomplete documentation	22	23	13	
Complete documentation	78	77	87	

Source: GAO analysis of executive agency data. | GAO-17-276

Note: The government-wide results are a weighted total of the three strata of GAO's sample: (1) DOD, (2) VA, and (3) all other executive agencies within GAO's scope. The results include the DOD and VA strata because they each accounted for about one-third of micropurchase spending in fiscal year 2014. The results of the third strata (other executive agencies) are not included separately in the table. The Department of the Interior was excluded from the government-wide results due to a difference in the agency's purchase card policies. Estimates for the government-wide, DOD, and VA results have a margin of error of +/-5, 8, and 7 percentage points or less, respectively, at the 95 percent confidence interval.

GAO's government-wide review and targeted data mining of selected categories for potentially improper purchases found little evidence of improper or potentially fraudulent purchases among micropurchase transactions. However, incomplete documentation increases the risk that fraud, charge card misuse, and other abusive activity could occur without detection. One agency, the Department of the Interior (DOI), granted blanket purchase authority for cardholders for most transactions under the micropurchase limit, and therefore did not require any documentation of the purchase request or preapproval. This blanket authority may increase the risk that fraudulent, improper, and other abusive activity could occur. Following OMB guidance for documentation can help reduce such risks.