

GAO Highlights

Highlights of [GAO-16-526](#), a report to congressional requesters

Why GAO Did This Study

The purchase card program was designed to streamline relatively small dollar value acquisitions of goods and services. In fiscal year 2015, the government spent approximately \$19 billion using purchase cards.

GAO was asked to review whether agencies are effectively leveraging their buying power when using purchase cards. This report assesses the extent to which selected (1) agencies analyze purchase card data to identify opportunities to leverage buying power agency-wide and (2) purchase cardholders seek opportunities to achieve cost savings when using purchase cards.

GAO analyzed data from the three banks that work with the six selected agencies—selected in part on varying levels of purchase card spend volume—to manage their purchase card programs. GAO evaluated policies, reviewed strategic sourcing efforts related to purchase cards, and interviewed officials. GAO also interviewed officials from the General Services Administration who manage the government's purchase card contracts, and interviewed selected cardholders at the two agencies with the highest purchase card spend.

What GAO Recommends

GAO recommends that Energy analyze purchase card data and DOD ensure its components do the same. GAO also recommends that each agency develop guidance to encourage local officials to examine purchase card spend patterns and share this information. Four agencies concurred, Interior partially concurred, and EPA did not comment.

View [GAO-16-526](#). For more information, contact Marie A. Mak at 202-512-4841, or makm@gao.gov

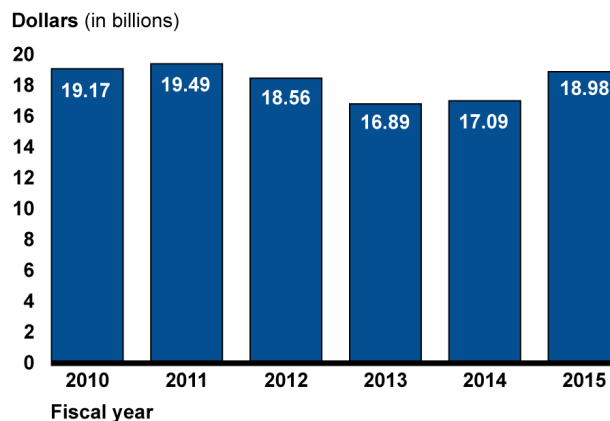
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GOVERNMENT PURCHASE CARDS

Opportunities Exist to Leverage Buying Power

What GAO Found

The agencies in GAO's review—the Departments of Defense (DOD), Veterans Affairs (VA), the Interior (Interior), Homeland Security, and Energy (Energy), and the Environmental Protection Agency (EPA)—have made varied use of purchase card data, and additional opportunities exist to negotiate discounts and leverage buying power. As the chart below shows, spending with government purchase cards represents billions of dollars each year.



Source: GAO analysis of General Services Administration data. | GAO-16-526

The Office of Management and Budget (OMB) guidance that prescribes policies for agencies on how to manage their purchase card programs (1) requires agency officials to incorporate purchase card data into strategic sourcing analysis and (2) recommends that agencies review and analyze purchase card spending patterns for opportunities to negotiate discounts, improve buying processes, and leverage buying power. All the agencies in GAO's review incorporated purchase card data into overall spend analysis to support strategic sourcing efforts as required by OMB, but officials noted challenges that impede review of purchase card data. For example, purchase card data do not always include enough specificity to identify particular commodities to target for savings. Despite these challenges, four of the six agencies GAO reviewed took additional steps to independently analyze purchase card spending patterns as recommended by OMB. Two agencies—EPA and Interior—identified opportunities for savings through such analysis, demonstrating that savings can be found. However, Energy and certain DOD components, such as the Air Force and Navy, did not perform analysis of purchase card spending. Without more focused efforts, these agencies may be missing opportunities to find cost savings.

GAO also found instances where regional VA offices were successful in identifying opportunities for local or agency-wide savings on items procured with purchase cards. For example, one office recognized an opportunity for savings when purchasing wheelchair ramps for disabled veterans, resulting in savings of \$1.1 million and faster delivery. Federal internal controls state that management should communicate the necessary information to achieve objectives. Given the examples GAO found, developing guidance and sharing information may help agencies identify opportunities to leverage buying power with purchase cards.