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Identifying Procurement Fraud in Defense Agencies: An Analysis of the Government Purchase Card Program

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Preface & Acknowledgements

During his internship with the Graduate School of Business & Public Policy in June 2010, U.S. Air Force Academy Cadet Chase Lane surveyed the activities of the Naval Postgraduate School's Acquisition Research Program in its first seven years. The sheer volume of research products—almost 600 published papers (e.g., technical reports, journal articles, theses)—indicates the extent to which the depth and breadth of acquisition research has increased during these years. Over 300 authors contributed to these works, which means that the pool of those who have had significant intellectual engagement with acquisition issues has increased substantially. The broad range of research topics includes acquisition reform, defense industry, fielding, contracting, interoperability, organizational behavior, risk management, cost estimating, and many others. Approaches range from conceptual and exploratory studies to develop propositions about various aspects of acquisition, to applied and statistical analyses to test specific hypotheses. Methodologies include case studies, modeling, surveys, and experiments. On the whole, such findings make us both grateful for the ARP's progress to date, and hopeful that this progress in research will lead to substantive improvements in the DoD's acquisition outcomes.

As pragmatists, we of course recognize that such change can only occur to the extent that the potential knowledge wrapped up in these products is put to use and tested to determine its value. We take seriously the pernicious effects of the so-called "theory–practice" gap, which would separate the acquisition scholar from the acquisition practitioner, and relegate the scholar's work to mere academic "shelfware." Some design features of our program that we believe help avoid these effects include the following: connecting researchers with practitioners on specific projects; requiring researchers to brief sponsors on project findings as a condition of funding award; "pushing" potentially high-impact research reports (e.g., via overnight shipping) to selected practitioners and policy-makers; and most notably, sponsoring this symposium, which we craft intentionally as an opportunity for fruitful, lasting connections between scholars and practitioners.

A former Defense Acquisition Executive, responding to a comment that academic research was not generally useful in acquisition practice, opined, "That's not their [the academics'] problem—it's ours [the practitioners']. They can only perform research; it's up to us to use it." While we certainly agree with this sentiment, we also recognize that any research, however theoretical, must point to some termination in action; academics have a responsibility to make their work intelligible to practitioners. Thus we continue to seek projects that both comport with solid standards of scholarship, and address relevant acquisition issues. These years of experience have shown us the difficulty in attempting to balance these two objectives, but we are convinced that the attempt is absolutely essential if any real improvement is to be realized.

We gratefully acknowledge the ongoing support and leadership of our sponsors, whose foresight and vision have assured the continuing success of the Acquisition Research Program:

- Office of the Under Secretary of Defense (Acquisition, Technology & Logistics)
- Program Executive Officer SHIPS
- Commander, Naval Sea Systems Command
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- Program Manager, Airborne, Maritime and Fixed Station Joint Tactical Radio System

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- Office of the Assistant Secretary of the Air Force (Acquisition)
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- Office of Procurement and Assistance Management Headquarters, Department of Energy

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James B. Greene, Jr.
Rear Admiral, U.S. Navy (Ret.)

Keith F. Snider, PhD
Associate Professor

Panel 5 – Contemporary Contracting Issues

Wednesday, May 11, 2011	
11:15 a.m. – 12:45 p.m.	**Chair: Lenn Vincent,** RADM, USN, (Ret.), Industry Chair, Defense Acquisition University ***Unintended Consequences of Advocating Use of Fixed-Price Contracts in Defense Acquisition Practice*** Chong Wang and Joseph San Miguel, NPS ***Why Didn't the DoD Defend Their FDO's Listed in GAO Report 06-66?*** James Gill, Space & Missile Systems Center ***Identifying Procurement Fraud in Defense Agencies: An Analysis of the Government Purchase Card Program*** Juanita Rendon, NPS

RADM Lenn Vincent—Industry Chair, Defense Acquisition University (DAU). An independent consultant, RADM Vincent uses his defense and industry experience, expertise, and perspective to advise the DAU management team, OSD, the uniformed services, and industry on matters relative to contracting, program management, logistics, and supply chain management. As a professor at the DAU, he presents views to foster a more viable and effective defense acquisition management system. An international educator, consultant, dynamic speaker, and respected government and industry leader, he has taught and/or consulted in contract management, capture management, project management, supply chain management, and leadership.

As a vice president at American Management Systems and CACI International, RADM Vincent was responsible for working with senior Department of Defense and industry leaders to build long-term business relationships and to help identify solutions to acquisition, logistics, and financial management challenges. His strategic focus was an initiative to create an integrated digital environment that would extend the DoD’s automated procurement systems into industry and into the DoD program management offices, in addition to implementation and training strategies for new products and service.

Prior to entering civilian life, RADM Vincent completed a distinguished career in the United States Navy, serving at both sea and ashore. He has over 30 years of broad based and in-depth leadership and management experience in acquisition, supply chain management, logistics, and financial management.

RADM Vincent holds a master’s in Business Administration from George Washington University. He also is a Certified Navy Material and Acquisition Professional, and is DAWIA Level III certified in both Contracting and Logistics.

He is past-president of the National Contract Management Association and served on its board of directors as well as the following boards: Navy League National Capital Council; NDIA Washington DC Chapter; Board of Directors Procurement Round Table; and Board of Visitors, Defense Acquisition University.

Identifying Procurement Fraud in Defense Agencies: An Analysis of the Government Purchase Card Program

Juanita Rendon—CPA and Instructor, NPS. Ms. Rendon teaches auditing, finance, and accounting courses at the Naval Postgraduate School. She is a former IRS Revenue Agent. She is a member of the AICPA and the Association of Certified Fraud Examiners. She has published articles in the *Journal of Contract Management* and book chapters in *Cost Estimating and Contract Pricing* (2008) and in *Contract Administration* (2009) by Gregory A. Garrett. She has presented at the NCMA World Congress conferences as well as at NCMA's National Education Seminars and was the recipient of the 2008 NCMA Award for Excellence in Contract Management Research and Writing. [jmrendon@nps.edu]

Abstract

This research explores the Department of Defense (DoD) Government Purchase Card Program. The specific purpose of this research is to identify fraud indicators within the DoD Government Purchase Card Programs. This research identifies fraud indicators within the DoD Government Purchase Card Programs and provides recommendations for improving the management of Government Purchase Card Programs within the DoD. First, a brief background of the DoD Government Purchase Card Program is provided. Second, based on GAO reports and OIG audits, incidents of procurement card fraud are discussed. Third, fraud indicators in Government Purchase Card Programs are identified. Fourth, Government Purchase Card Program Internal Control Issues are addressed. Finally, the research concludes with a summary and areas for further research.

Introduction

The purpose of this research paper is to identify procurement fraud indicators in Defense agencies, specifically in the area of Government Purchase Card Programs (GPCPs). The areas covered in this research paper include a brief background of the Department of Defense (DoD) Government Purchase Card Program, a discussion of incidents of procurement card fraud, and the identification of fraud indicators in Government Purchase Card Programs. In addition, Government Purchase Card Program internal control issues are also addressed. A summary and conclusion will be provided, and areas for further research will be identified.

As of 2006, the Government Purchase Card Program was approximately eight times larger than the next largest purchase card program in the commercial card world (Firscher, 2006). With billions of taxpayer dollars being spent on goods and services by the federal government on behalf of the American people, the general public demands better stewardship, efficient management of funds, and greater accountability for resources by government organizations (Mills et al., 2008). Over the years, the Government Purchase Card Program has become an increasingly valuable and vital tool in government agencies in efforts to streamline their procurement process and meet their missions, especially in the Department of Defense. The following section will provide a brief background of the DoD Government Purchase Card Program.

Background on DoD Government Purchase Card Program

The subject of government purchase cards dates back to 1982 when President Ronald Reagan issued an executive order directing executive government agencies to decrease administrative procurement costs (GAO, 1996).

The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD[AT&L]) oversees the agency-wide Government Purchase Card Program (GPCP). The Purchase Card Program Management Office (PCPMO) is responsible for policy formulation, procedural guidance, and operational oversight of the GPCP administered by DoD components, and it reports to the Director of Defense Procurement and Acquisition Policy in OUSD(AT&L).

The Defense Procurement and Acquisition Policy (DPAP) office, headed by Mr. Shay Assad, is responsible for all acquisition and procurement policy matters in the Department of Defense (DoD) and serves as the main advisor to the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) and the Defense Acquisition Board on acquisition/procurement strategies for all major weapon systems programs, major automated information systems programs, and services acquisitions (DPAP, 2011).

The SmartPay® Program, known as the largest government charge card program in the world, provides 350 federal agencies, organizations, and tribal governments commercial charge card-based procurement and payment assistance to make efficient and convenient procurement transactions. According to the General Services Administration (GSA), which administers the program under a master contract, the SmartPay® Program has saved federal agencies an estimated $1.8 billion in annual administrative processing costs as compared to previous, paper-based procurement card processes. The Office of Charge Card Management (OCCM) within GSA manages the GSA SmartPay® Program (OCCM, 2011; OMB, 2009).

The use of government purchase cards has skyrocketed since the purchase cards first became available in 1986. Struebing (1996) found that during the first year that the government purchase cards were made available agency-wide, there were approximately 271,000 purchases made worth approximately $64 million taxpayer dollars. From fiscal year 1990 to fiscal year 1995, the government purchase card usage increased by 1, 500%. By the end of fiscal year 1995, cardholders used the purchase card to purchase more than $1.6 billion taxpayer dollars worth of goods and services (Struebing, 1996). Most government officials agree that the Federal Acquisition Regulation (FAR) needs to address the use of government purchase cards more thoroughly and provide ways in which government agencies can share best practices in the area of purchase card programs (GAO, 1996).

As shown in Figure 1, during fiscal year 2009, the agency-wide Government Purchase Card Program, which includes purchase, travel, and fleet cards, totaled 3.1 million cardholders, 93.2 million transactions, and $29.8 billion in spending, and during fiscal year 2010, the GPCP program totaled 3.1 million cardholders, 98.9 million in transactions, and $30.2 billion in spending (GSA, 2011). While there are several types of government charge cards, the focus of this research was on the purchase cards. Figure 2 shows a downward trend for the number of cardholders yet an upward trend in purchase card transactions and purchase card spending.

On January 15, 2009, the OMB issued OMB Circular A-123, Appendix B Revised in efforts to consolidate current government-wide charge card program requirements and guidance issued by the Office of Management and Budget (OMB), General Services

Administration (GSA), Department of the Treasury (Treasury), and other federal agencies. The Circular is issued under the authority of 31 U.S.C. 1111; Reorganization Plan No. 2 of 1970; Executive Order 11541; the Chief Financial Officers Act of 1990 (P.L. 101-576); and the Office of Federal Procurement Policy Act (41 U.S.C. Chapter 7; OMB, 2009).

Although credit-worthiness evaluations are required for travel charge card holders, the credit worthiness evaluations for new purchase card applicants are no longer legislatively mandated due to the passage of the 2006 Consolidated Appropriations Act. However, agency officials and charge card managers are allowed to continue requiring these evaluations at their discretion as they consider the risks involved with charge card issuance (OMB, 2009). The following section will discuss incidents of government procurement card fraud as identified in some GAO and OIG Government Purchase Card Program audit results.

Total	FY 2008	FY 2009	FY 2010
Spend	$30.6 B	$29.8 B	$30.2 B
Transactions	100.3 M	93.2 M	98.9 M
Cardholders	3.2 M	3.1 M	3.1 M

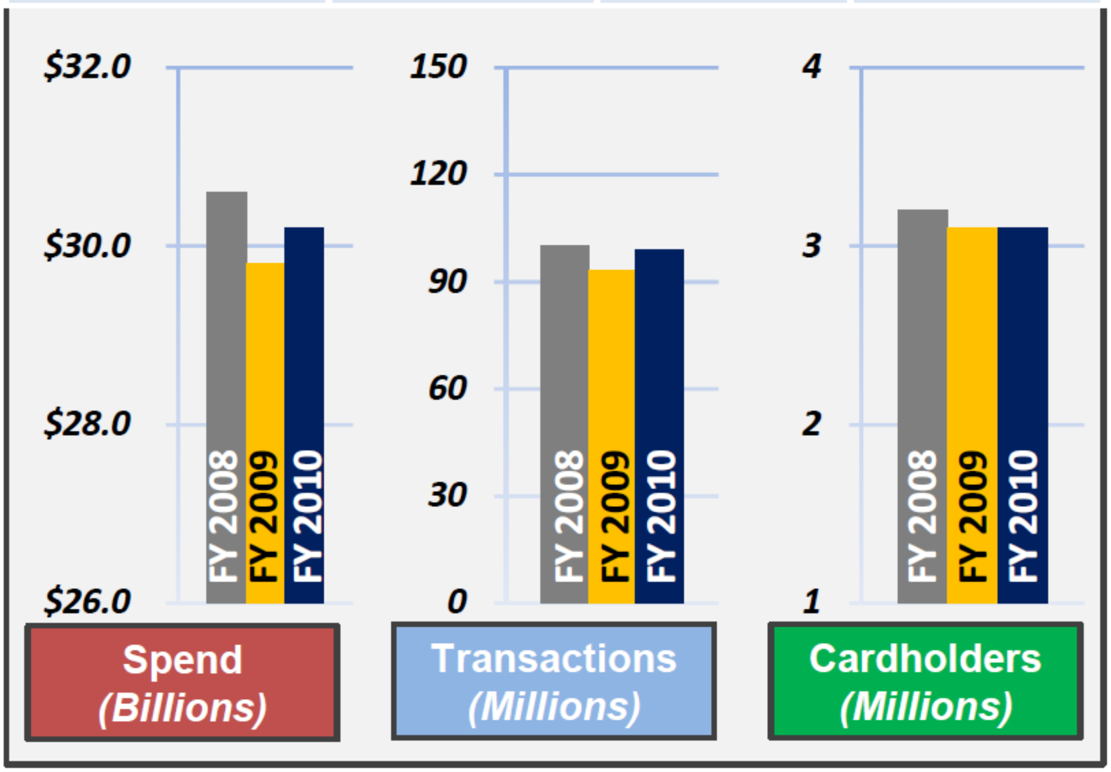

Figure 1. Fiscal Year 2010 GSA SmartPay Program Statistics
(GSA, 2011b)

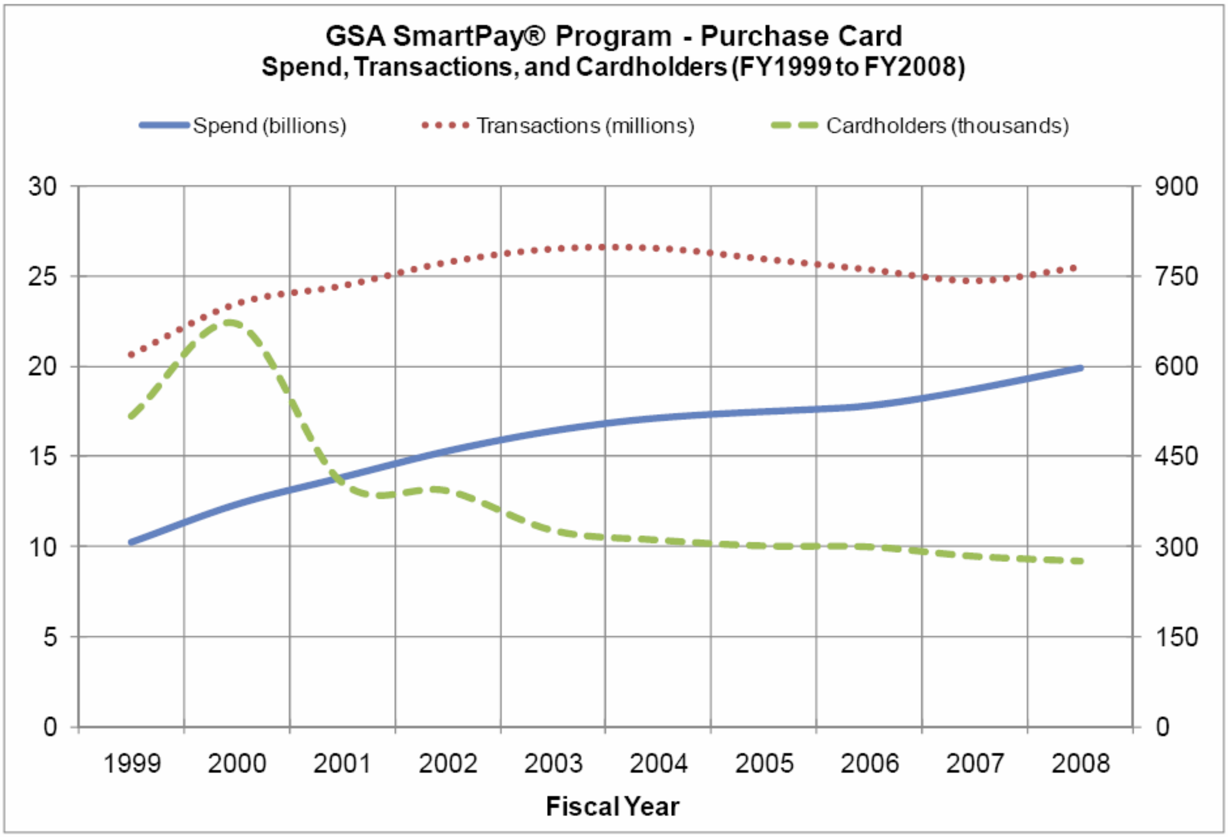

Figure 2. GSA SmartPay Program—Purchase Card (FY1999 to FY2008)
(GSA, n.d.)

Incidents of Government Procurement Card Fraud

The DoD GPCP is subject to periodic audits in accordance with Title 10 *United States Code*, Section 2784(b)(8), by the DoD Inspector General and the Military Services' audit agencies (DoD, 2010e).

Over the years, the escalating federal government procurement fraud scandals have created a need to seriously revisit the reality of the epidemic of procurement fraudulent activities across federal agencies. In 2002, the GAO found significant internal control weaknesses in government agency purchase card programs that allowed cardholders to make fraudulent purchases (GAO, 2002). Also in 2002, the Defense Criminal Investigative Service (DCIS) opened investigations which involved individuals allegedly involved in credit card fraud. Additionally, the DCIS completed cases which have resulted in jail terms and probation as well as restitution (Kozaryn, 2002).

According to a DoD Inspector General (IG) report in 2002, purchase card audits and investigations revealed incidents of abuse and fraud citing causes to include inadequate command emphasis and poorly enforced internal controls (DoD IG, 2002). As a result of the highly publicized procurement fraud scandals, congressional leaders, such as Senator Charles Grassley, have called for more stringent oversight of Government Purchase Card

Programs (Gupta & Palmer, 2007). The following section will discuss potential fraud indicators in Government Purchase Card Programs.

Fraud Indicators in Government Purchase Card Programs

When DoD auditors are determining the fraud indicators and risk factors involved in a case, they should not merely take into consideration the materiality or monetary impact, but should also consider other important non-quantitative aspects such as the safety and welfare of service members and civilians. If DoD auditors find fraud indicators or risk factors that relate to such qualitative factors, a significantly lower threshold should be used for categorizing an area as high risk. DoD auditors are expected to uphold their fiduciary duties and responsibilities to the Department of Defense, the U.S. government, and the Public (DoD IG, 2010).

Potential indicators of fraudulent activity are clues or red flags that warrant a closer investigation into a certain area or activity. Intent is the key determining factor as to whether a particular situation is deemed fraud or mere negligence. The DoD Inspector General's website provides fraud guidance for their auditors citing numerous, but not all inclusive, possible purchase card fraud indicators. As outlined in Figure 3, some possible purchase card fraud indicators include but are not limited to inadequate separation of duties such as cardholders approving their own purchase authorizations, cardholder and vendor have the same name, and similar invoices from different vendors (DoD IG, 2010).

Purchase Card Fraud Indicators

- Numerous missing invoices, receipts, and purchase justifications.
- Receipts contain "white-outs," date changes, and changes to product descriptions.
- Purchased items are not recorded in inventory records.
- Pattern of repeat favoritism to a specific vendor or group of vendors.
- Purchases fall at, or slightly below, the purchase threshold of $3,000.
- Absence of independent receipt and acceptance of purchased items.
- Organization does not conduct periodic reviews of cardholder purchases and inventory.
- One cardholder, or a small number of cardholders, makes repeat purchases from a specific vendor.
- Research shows that a vendor or company may not be authentic (i.e., phony business address or no evidence that the company is incorporated, etc.); fictitious vendor.
- Management does not follow established purchase card procedures such as requiring purchase justifications, independent receipt and acceptance of purchased items, and periodic reviews of cardholder transactions.
- Cardholder makes unauthorized week-end purchases.
- Cardholder pays an excessive amount for routine purchases.
- Pattern of suspect cardholder purchases from unauthorized vendors such as clothing stores or suspect online vendors.
- Pattern of cardholder accounts with disputed charges.
- Pilferable items are repeatedly reported as lost, missing, or stolen.
- Separated employees continue to make purchases using the government purchase card.
- Inadequate separation of duties such as cardholders approving their own purchase authorizations.
- Purchase logs do not contain descriptions of items purchased.
- Cardholder and vendor have the same name.
- Cardholder account records are incomplete.
- Cardholder accounts with several limit increases occurring within a short time.
- Cardholder purchases exceed the authorized card limit.
- Purchases appear to be outside of the normal purchase pattern of the cardholder.
- Similar invoices from different vendors.
- Subversion of management controls by the cardholder and/or approving authority.
- Excessive number of cardholders within an activity or unit.
- Purchase items are available through the supply system.
- Cardholder does not turn in premiums/free products obtained with purchases.
- Organization has no established controls over purchases returned to stores for cash.
- Purchase card assigned to an office or group of individuals instead of a specific person.
- An excessive number of cardholders are assigned to one approving official.

Figure 3. Purchase Card Fraud Indicators
(DoD IG, 2010)

In addition, the *Air Force Audit Agency (AFAA) Handbook* (1997) on fraud and waste indicators defines fraud as “an illegal act where one obtains something of value through willful misrepresentation” (p. 1). The *AFAA Handbook* (1997) outlines the following common elements that exist in fraudulent activities:

1. Intent—willfully committing a wrongful act which must be proven through a pattern of activity such as repeated engagement in the wrongful activity or making conflicting statements.
2. Disguise of Purpose–misrepresentations made to accomplish the scheme when representations are made that were false by either omission or commission.
3. Reliance— the offender knowingly makes a misrepresentation that is relied upon and acted upon by the victim.
4. Voluntary— the victim assists the offender; for example, in a case of employee theft, the victim (Air Force) entrusted the care of assets to the offender which established a fiduciary capacity.
5. Concealment— hiding or preventing knowledge of the fraudulent activity.
6. Injury or Damage— the victim (Air Force) suffers a loss of money or property because he/she relied and acted upon the misrepresentation. (pp. 1–2)

Red flags or fraud indicators can be categorized into three types to include situational and opportunity red flags for either personal gain or for organizational benefit and personal characteristics red flags, which include low moral character, wheeler-dealer attitude, rationalization of contradictory behavior, poor credit rating or financial status, and lack of stability (*Air Force Audit*, 1997, pp. 4–7). Table 1 shows examples of situational red flags or fraud indicators which include such things as living beyond one’s means or inadequate income or greed for personal gain and urgent need for favorable performance or temporary bad situation for organization benefit. Table 2 shows examples of opportunity red flags or fraud indicators such as close association with suppliers and key people or too much trust in key employees for personal gain and poor internal controls or related party transactions for organizational benefit. It should be noted that these fraud indicators are merely an indication of possible fraudulent activities; they do not guarantee that actual fraudulent activities are taking place (*Air Force Audit*, 1997).

Furthermore, government auditors use data mining techniques to help identify suspicious purchase card transactions by reviewing unusual or questionable transactions such as those that occur on weekends, purchases from unauthorized vendors, split purchases, and purchases slightly below the $3,000 threshold for micro-purchases. Data mining is a computer-based tool that is used by auditors to sort through numerous amounts of data to pick out relevant information and reveal patterns (DoD IG, 2010). The following section will discuss Government Purchase Card Program internal control issues.

Table 1. Situational Red Flags/Fraud Indicators
(Air Force Audit, 1997)

For Personal Gain	For Organizational Benefit
High personal debt or losses	Heavy expenditures
Living beyond one's means	Urgent need for favorable performance
Gambling or speculation	Revoked or imperiled mission status
Excessive use of alcohol or liquor	Unfavorable economic conditions
Perceived inequities in the organization	Temporary bad situation
Resentment of supervisors	Insufficient working capital/equipment
Inadequate income or greed	Obsolete inventories/production assets

Table 2. Opportunity Red Flags/Fraud Indicators
(*Air Force Audit*, 1997)

For Personal Gain	For Organizational Benefit
Familiarity with operations and position of trust	Related party transactions
Close association with suppliers and key people	Poor accounting records
Dominant top management	Poor internal controls
Dishonest or unethical management	Inexperienced people in key positions
Too much trust in key employees	Reluctant to give auditors needed data
Rapid turnover of key employees	Continuous problems with inspectors
Inadequate training programs	Highly computerized organization
Weak or dishonest personnel evaluations	Inadequate staffing in critical positions

Government Purchase Card Program Internal Control Issues

The Sarbanes-Oxley Act of 2002 and Internal Controls

The importance of transparency, trust, and confidence in government governance cannot be overemphasized. The U.S. Congress, in response to public accounting failures, enacted the Sarbanes-Oxley Act of 2002 (the Act) in efforts to deter fraudulent activities (Latshaw, 2003; Marden & Edwards, 2005). The Act revised the regulation of accounting firms that audit public companies, transformed corporate reporting and enforcement, and included internal control requirements for publicly traded companies (Lander, 2004). Section 404 of the Act outlines the legislative requirements for internal controls for publicly traded companies (Sarbanes Oxley, 2002). While the Act's internal control requirements are for publicly traded companies, the components of internal controls are just as important in the federal government, specifically in the Government Purchase Card Programs agency-wide. As the GAO reports and IG audits indicate, internal control violations eroded the efficiency of controls over the management of Government Purchase Card Programs, which resulted in fraudulent activities (GAO, 2008). The next section will discuss the internal control framework.

Internal Control Framework

In compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) requirement, the General Accounting Office (GAO) developed relevant updated internal control guidance based on the private sector's Internal Control —Integrated Framework, which is published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), (Whittington & Pany, 2012). In addition, the Federal Financial Management Improvement Act of 1996 identified internal control as an important and integral component of improving financial management systems. Therefore, in 1999, the GAO issued "Standards for Internal Controls in the Federal Government" to assist government managers in achieving their missions and program results and in improving accountability (GAO, 1999).

Internal control is defined as a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. The components of the internal control framework include the following:

1. The Control Environment,
2. Risk Assessment,
3. The Accounting Information System,
4. Control Activities, and
5. Monitoring. (Whittington & Pany, 2012)

In a 2001 memorandum to the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), Assistant Secretary of the Navy (Research, Development, and Acquisition), Assistant Secretary of the Air Force (Acquisition), and directors of defense agencies, Bruce Sullivan, Director of the Purchase Card Joint Program Management Office, emphasized the need to allocate the appropriate resources necessary to have a system of internal and management controls in place that will help ensure that appropriate management of fraud related losses in order to protect the interests of the American public. He also addressed the issue of an appropriate span of control for billing officials citing 5–7 cardholders per billing official as a general rule of thumb (Sullivan, 2001).

Gillett, Fink, and Johnson (1997) note that government agencies must implement proper internal controls to make sure that correct information is recorded and maintained so that government purchases can be analyzed and reviewed in a timely manner. A serious breakdown in internal controls over purchase card programs can leave government agencies vulnerable to purchase card fraud and abuse (GAO, 2001).

Colaianni (2005) believes that some internal controls that were implemented by the U. S. Department of State could prove useful in other GPCPs. She advocates the establishment of individual card dollar limits and the use of merchant category code restrictions. The enforcement of basic and refresher training and implementation of "on-line" training programs reduced administrative costs and increased procedure consistency at the U. S. Department of State. The identification of individual responsibilities and oversight and reporting requirements can also help improve GPCPs such as developing a standardized checklist or template to assist employees with requirements. In addition, the enforcement of annual program performance reviews assist in improving management oversight and increasing compliance with purchase card program requirements (Colaianni, 2005).

Federal government officials, such as GPCP approving officials and cardholders, hold a public trust and are expected to meet the highest ethical standards, especially when working with millions of taxpayer dollars on behalf of the American people. Because fraud is a serious problem throughout the nation and for the public procurement arena, it is crucial that procurement officials receive the appropriate training and learn the skills necessary to deter and detect fraud within agency-wide Government Purchase Card Programs. Unfortunately, many government executives have failed to implement and follow the existing internal control policies that are in place to help deter and detect fraudulent activities (GAO, 2008). Financial management transparency could be a significant and powerful fraud deterrent, and as Wells (2004) points out, occupational fraud is affected by the integrity level of government leaders and employees and the perception of detection. The following section will provide a summary and conclusion.

Summary & Conclusion

Even though purchase cards streamline the federal procurement process, the GAO reports since 2001 have shown that, if not managed and controlled appropriately, the use of government purchase cards can result in fraud, waste, and abuse (GAO, 2008). In light of all the recent federal procurement scandals, the emergence of additional guidance for Government Purchase Card Programs has been steadily increasing. The more approving officials and cardholders are aware of perceived weaknesses in internal controls, the more likely they will be to take appropriate steps to reduce the potential for fraudulent activities.

While Gupta and Palmer (2007) agree that the incidents of purchase card fraud, abuse, and misuse found by GAO and various Offices of Inspectors General are unacceptable, they also believe that there could be a significant opportunity cost associated with an under-used purchase card program. Therefore, government officials need to have a balanced approach to managing their Government Purchase Card Programs.

Margaret A. Colaianni (2005), the purchase card program manager of the U.S. Department of State, provides useful recommendations that could be implemented in other Government Purchase Card Programs. Colaianni believes that the three fundamental principles for the U.S. Department of State purchase card program, which include standardization, centralization, and collaboration, could be helpful in other federal agencies' purchase card programs.

Some best practices surfaced from the three underlying principles that she identified that could assist agencies in meeting the challenges and demands of managing Government Purchase Card Programs. For example, she recommends agencies standardize practices as much as possible such as in the areas of cardholder purchasing logs, procedures, guidance, and practices. Standardized processes can help in the reduction of the administrative burden, the improvement of reconciliation procedures, the cutback of costs, and the decrease in processing times (Colaianni, 2005).

Colaianni (2005) believes that collaboration among team members, as well as with other agencies, participating banks, and the credit card associations is vitally important. Sharing best practices and strategies that work in the management of Government Purchase Card Programs is essential to the long-term success of any Government Purchase Card Program. She also recommends collaboration such as establishing a close working relationship between the purchasing and finance office that pays the invoices and establishing written operating procedures at the local level in addition to the agency-wide guidance and procedures. Furthermore, she suggests keeping program and hierarchy information updated to account for any employee turnover as well as keeping cardholders' established profile parameters current (Colaianni, 2005). The following section discusses areas for further research.

Areas for Further Research

The recent GAO reports and IG audits have shown that there is a need for research in the area of procurement fraud in the Government Purchase Card Program (GAO, 2008). The focus of this research was to identify fraud indicators that could be used by DoD agencies to improve purchase card programs. Other research that could be done would be to expand on the identified fraud indicators and lead to the development of an assessment tool to be used in the identification of procurement fraud vulnerabilities in the Government Purchase Card Program. In addition, an analysis by specific government agencies such as the Navy, Air Force, and Army would be recommended.

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