

**PUBLIC OVERSIGHT ROUNDTABLE ON
“CONTRACTING AND PROCUREMENT
IN THE DISTRICT OF COLUMBIA”**

**Before the
Committee on Government Operations
Council of the District of Columbia**

The Honorable Vincent B. Orange, Sr., Chairman

**January 6, 2006, 10:00 a.m.
Council Chamber, John A. Wilson Building**



**Testimony of
Ben Lorigo
Executive Director of the Office of Integrity and Oversight
Office of the Chief Financial Officer**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Orange, and members of the Committee on Government Operations. I am Ben Lorigo, Executive Director of the Office of Integrity and Oversight in the Office of the Chief Financial Officer (OCFO).

In 2003, my office completed audits of the District's purchase card and travel card programs and reported the results to this committee in connection with its oversight hearings on this subject. In brief, we reported that:

- Purchase and travel cards were used to acquire prohibited items.
- There was a lack of adequate documentation to support purchases made.
- Agency financial officials did not comply with the “pay and chase” policy, which allowed finance personnel to pay the invoice without supporting documentation and to obtain the documentation subsequently.
- Approving officials did not carefully review and approve cardholder transactions, which would have identified purchase violations.
- Purchase cardholders were splitting purchases to avoid single purchase limitations.
- Excessive travel costs were incurred by some cardholders who exceeded District per diem rates for food and lodging.

- Travel card bills were paid, in some instances, by direct payments instead of the purchase order system.
- The Office of Contracting and Procurement (OCP) did not maintain a current listing of all cardholders.
- OCP did not adequately monitor purchase and travel card activities; cardholders who continued to violate these regulations continued to use their cards without any notification, restriction, or other administrative action.
- There were weak controls in canceling purchase and travel cards after an employee's employment was terminated or the employee transferred.

We issued these audit reports, which included our findings and recommendations, to the Deputy Mayor for Operations and OCFO officials on October 16, 2003 (purchase cards) and November 25, 2003 (travel cards). Overall, the deputy mayor and financial officials concurred with our findings and provided corrective action plans.

In 2004, we initiated follow-up reviews, requesting that the five OCFO clusters and OCP provide us with the corrective actions implemented (or actions to be implemented), which we then evaluated to determine if they sufficiently addressed our findings. In brief, the corrective actions implemented for both the purchase and travel card programs were responsive to our findings.

The purpose of the follow-up reviews was to determine if OCP and the OCFO took the necessary action to correct the program deficiencies identified in our 2003 audits. In general, the follow-up reviews determined that the agencies had implemented the corrective actions. These actions were numerous and included establishing agency review teams to review credit card purchases, annual refresher training, reducing the number of cardholders, and processes relating to providing supporting documentation prior to payment.

With the corrective actions in place for a sufficient time, in 2006 we will initiate the next stage of review, which is to perform audit procedures or test work to ensure that these corrective actions have actually been implemented and are performing successfully.

Mr. Chairman, this concludes my testimony. I am prepared to answer any questions the committee may have.

#