

Signed July 22, 2002

MEMORANDUM FOR UNDER SECRETARY FOR ENERGY, SCIENCE  
AND ENVIRONMENT  
UNDER SECRETARY FOR NUCLEAR SECURITY

FROM: BRUCE M. CARNES  
DIRECTOR, OFFICE OF MANAGEMENT, BUDGET  
AND EVALUATION/CHIEF FINANCIAL OFFICER

SUBJECT: Reviews of Purchase Card Usage

The purpose of this memorandum is to initiate a Department-wide review of Federal and contractor purchase card programs. This is a follow-up to a pilot review performed at six Departmental sites that disclosed a number of internal control, policy and operational weaknesses. Results of the pilot review were transmitted to the Office of Management and Budget (OMB) along with a remedial action plan for improving our performance. The report is included as Attachment 1 to this memorandum. A key milestone in the plan is the requirement to complete a Department-wide review of purchase cards. To accomplish this task, I am requesting your cooperation to direct sites listed in Attachment 2 to perform a review of their respective purchase card programs.

The primary objectives of the Department-wide review are to identify additional opportunities for improvement; to determine whether adequate internal controls have been established and are working effectively; to ascertain whether Departmental guidance is being followed; and to establish a baseline for measuring improvement. To facilitate the review and to obtain consistent information, we have developed the attached review guide (Attachment 3). This guide provides a standard process for both Federal and contractor program transaction reviews as recommended in the report to OMB. It has been designed to focus review efforts on critical control areas and areas where problems were identified in the pilot and other reviews.

Please have Field Office managers under your cognizance direct their Chief Financial Officers to complete reviews of their Federal and contractor purchase card programs for the sites listed in Attachment 2. These reviews must be conducted in accordance with the review guide and final reports should be submitted to my office not later than August 30, 2002. Contractor internal audit staffs may perform review work at contractor sites, however, the Field CFOs must approve and submit contractor results to Headquarters.

Reports should be addressed to Director, Office of Management, Budget and Evaluation/Chief Financial Officer. Rick Sweeney and Thomas (Woody) Fisher of my staff will coordinate this effort and will provide specific details and review requirements to Field Chief Financial Officers (CFOs). All Field CFOs should provide a point of contact via e-mail by July 26, 2002, to [Thomas.Fisher@hq.doe.gov](mailto:Thomas.Fisher@hq.doe.gov). Once a point of

contact has been provided, we will forward a statistically valid sample of cardholders for review at each selected site and inform pilot sites of additional information needed.

In addition, I ask that you direct all Field and contractor activities under your cognizance that are not listed in Attachment 2 to perform a comprehensive review of their purchase card programs. While they are not required to report to Headquarters, they should ensure that the critical control areas are adequately covered. This is a necessary step to ensure that all Departmental purchase card programs are working effectively.

Please call me on 202-586-4171 or Rick Sweeney on 301-903-2551 if you have any questions.

Attachments

- 1) Report on Review of Headquarters Purchase Card Program
- 2) List of Contractors Required to Perform Formal Purchase Card Review
- 3) Purchase Card Review Guide

cc:

Heads of Departmental Elements

Field CFOs

Richard Hopf, ME-60

Helen Sherman, ME-10

Inspector General

Jeffrey Dowell, ME-533

## Attachment 2

### Sites to Perform Departmental Review

Federal Sites	Contractor Sites
Albuquerque Operations Office	Los Alamos National Laboratory Sandia National Laboratories Pantex / Mason and Hanger WIPP / Westinghouse Kansas City / Honeywell, FM&T
Chicago Operations Office	Brookhaven National Laboratory Princeton Plasma Physics Laboratory
Golden Field Office	National Renewable Energy Laboratory
Idaho Operations Office	Idaho National Engineering and Environmental Laboratory
National Energy technology Center	
Nevada Operations Office	Bechtel Nevada
Oak Ridge Operations Office	Southern Universities Research Association Oak Ridge National Laboratory / UT Battelle
Ohio Field Office	West Valley Nuclear Services
Richland Operations Office	Battelle – PNNL CH2M Hill Hanford Group
Rocky Flats Operations Office	Rocky Flats / Kaiser Hill
Bonneville Power Administration	N/A
Southwestern Power Administration	N/A
** Oakland Operations Office	Stanford Linear Accelerator Center Lawrence Livermore National Laboratory
** Schenectady naval Reactors	Knolls Atomic Power Laboratory, Lockheed Martin
** Pittsburgh Naval Reactors	Bettis Atomic Power laboratory
** Savannah River Operations Office	Wackenhut
<p>** Not Required to Perform Review of Federal Cardholders. Responsible Only for Approving and Submitting Contractor Results to Headquarters.</p>	