

**Statement by**

David L. Norquist

Chief Financial Officer

Department of Homeland Security

Before the

Senate Committee on Homeland Security and

Governmental Affairs

Hearing on

Government Purchase Card Program

July 19, 2006

Thank you, Chairman Collins and the members of the Committee for allowing me this opportunity to testify before you regarding the Department of Homeland Security's (DHS) Government Purchase Card Program.

### **Benefits of the Purchase Card**

DHS uses purchase cards as its preferred method for making small dollar purchases, particularly those under \$2,500. Using a purchase card saves the taxpayer's money because:

- It provides a streamlined and automated purchasing and payment process that reduces administrative costs; and
- It provides refunds for the government, which further reduces the cost.

Another advantage of the purchase card is that it provides the means for holding individuals accountable for their transactions. Purchases made with this card can be traced to a specific card assigned to a specific person used on a specific day at a specific store. If a card holder misuses a purchase card they can be held accountable, to include administrative action, being compelled to reimburse the government or, when appropriate, criminal prosecution.

### **Strengthening the Purchase Card Program**

During its initial years of operation, the Department issued a policy directing all the components with existing purchase card programs to continue to use their established procedures. That policy is still in effect.

The testimony presented by the Government Accountability Office identified weaknesses in both the policies and in the implementation of those policies by the various components in the Department. The Department shares those concerns.

In fact, prior to the GAO audit, the Department had drafted a purchase card policy manual that would strengthen and standardize the internal controls and procedures for this program. It has been adopted by DHS Headquarters, but it has not yet been implemented Department-wide.

The draft manual makes a number of changes, but let me just highlight a few of the improvements:

- In addition to the GSA on-line training currently required before someone is given a card, it will require additional DHS training and annual refresher training;
- The manual will require written authorization before making a purchase; and
- It limits each Approving Official to overseeing only 7 card holders or 300 transactions per month.

GAO has reviewed this draft manual as part of its study. With the inclusion of requiring independent validation of receipt and acceptance of goods, GAO has stated that when implemented Department-wide, this manual will address the problems identified in their review. It is DHS' intention to issue this revised policy manual as soon as possible after making any appropriate changes in light of GAO's findings.

At this point I cannot comment on the specific cases identified by GAO in their testimony. I was first briefed on these findings by GAO last Thursday, so I have not had time to explore and resolve these issues.

However, GAO has committed to providing me the information necessary to examine these cases. As we do with allegations that arise during the course of our own internal reviews, we will examine these allegations on a case by case basis to determine what administrative, disciplinary, or other actions are appropriate.

## **Conclusion**

I am committed to strengthening the purchase card program at DHS as part of a broader effort to improve all internal controls across the Department.

Thank you for your leadership and your continued support of the Department of Homeland Security and its management programs. I would be happy to answer any questions you may have.