



Office of Inspector General

Advisory Report



Virgin Islands National Park Service Review of Purchase Cards and Property Disposition



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Washington, D.C. 20240

June 4, 2009

Memorandum

To: Mark Hardgrove
Superintendent
Virgin Islands National Park Service

From: Hannibal M. Ware
Field Office Supervisor

Subject: Advisory Report, Review of Purchase Cards and Property Disposition, Virgin Islands National Park Service

In July 2008 we began an evaluation of the Virgin Islands National Park Service's (NPS) purchase charge card program and its inventory systems. The objective of this review was two-fold in that we intended to determine whether NPS employees who were issued charge cards complied with required policies and procedures, as well as determine whether property purchased with these charge cards was appropriately accounted for, inventoried, and safeguarded.

We found that a surprisingly large number of NPS employees have been issued charge cards with purchase authority and that purchases are routinely made without proper authorization or justification. In addition, little to no assurance exists that only authorized, allowable and necessary purchases are currently being made. NPS managers have repeatedly failed to reconcile items with invoices, and in fact, we discovered instances in which charge cards were used to pay for items that employees were unaware they had never received. Overall, cardholders were unfamiliar with the rules and regulations governing charge card purchases.

Use of government charge cards in this manner has resulted in personal property not being appropriately identified and accounted for in a formal inventory system. We found in several locations an accumulation of unused items, untouched and still in the original packaging that cardholders had purchased with charge cards. There is no assurance these unused items were ever necessary purchases. Continuing to disregard the appropriate inventory, review and justification of charge card purchases leaves NPS extremely vulnerable to charge card misuse.

In light of NPS' current practices, it is nearly impossible to guarantee that charge card misuse has not already occurred.

We have prepared a PowerPoint presentation which highlights some of our findings and provides six suggestions for improvement. We are suggesting not only a reevaluation of the number of cardholders, but also a reintroduction of charge card policies and procedures to employees with purchase authority. Appointments of appropriate personnel to maintain personal property inventory and the creation of formal inventory lists for each division are also among our suggestions. Due to the fact that we are not providing formal recommendations, a written response is not required.

We wish to thank the NPS staff for their assistance in obtaining the information necessary to complete this evaluation. If you have questions regarding our presentation, please feel free to contact me at (340) 774-8300.

Attachment

Introduction:

The Integrated Charge Card

- ▶ The Department of the Interior issues the Integrated Charge Card (purchase card) to Virgin Islands National Park Services (NPS) employees for purchases such as:
 - Official Travel
 - Fueling of government vehicles
 - Other necessary job-related purchases
- ▶ These cardholders have the authority to make purchases of up to \$3,000 per transaction.

Overview:

What We Found

- ▶ Over-issuance of charge cards
- ▶ Purchases lack authorization and justification
- ▶ Purchases are not reconciled
- ▶ Violation of the split-purchase rule
- ▶ Personal property not labeled or inventoried
- ▶ Critical job vacancies
- ▶ Inadequate storage methods

What We Found:

Over-issuance of Purchase Cards

- ▶ Division heads, who are responsible for reviewing cardholder applications, have issued charge cards to approximately 70 percent of NPS employees.
 - Nothing guarantees that the majority of NPS employees have an appropriate need for purchase authority.
 - There is little to no assurance that only authorized, allowable, and necessary purchases are made.

What We Found:

Purchases Lack Authorization and Justification

- ▶ We reviewed about \$600,000 in purchase card transactions made by 16 cardholders from fiscal years 2006 to 2008.
- ▶ We found purchases were made routinely without proper authorization or justification.
- ▶ For example....

What We Found:

Purchases Lack Authorization and Justification

- *An NPS employee purchased five all-in-one printers and a flat screen television, collectively worth almost \$4,000, without requisitions, supervisory approval, or justifiable need.*
- *An NPS employee purchased a stove and household supplies, totaling \$1,800, for NPS housing without requisitions, supervisory approval, or justifiable need.*

Because purchase card charges are not verified, NPS has created an environment ripe for theft.

- ▶ Not only do approving officials certify purchases without requiring supporting documents from cardholders, the Agency/Organization Program Coordinator has failed to:
 - ✓ Conduct routine charge card reviews.
 - ✓ Ensure that charge card statements, supporting documents and annual training certificates are centrally filed and properly examined.

What We Found:

Purchases Are Not Reconciled

- ▶ Because purchases are not reconciled with invoices, there is no guarantee that items ordered and purchased with NPS funds are received.

- ▶ For example

A cardholder purchased eight security cameras using NPS funds. NPS was unaware of the fact that only seven cameras had been installed, until our evaluation noticed the missing property nearly 4 months after their initial installation. This mistake was not caught, because the invoice was never reconciled.

What We Found:

Cardholders Violated Split-Purchase Rule

- ▶ The Departmental annual charge card training states that cardholders are prohibited from:

Making recurring purchases from the same vendor that exceed \$3,000 (\$2,500 for services and \$2,000 for construction) in a single year if it is known at the beginning of the fiscal year that the total requirements for the year will be in excess of \$3,000.

What We Found:

Cardholders Violated Split–Purchase Rule

- ▶ 7 of the 16 cardholders we reviewed violated this split–purchase rule.
- ▶ The annual charge card training also states that “purposely splitting a purchase may result in the loss of purchasing authority and disciplinary action.”
- ▶ NPS has failed to enforce this rule.

Personal Property

- ▶ To ensure appropriate accountability, property purchased by NPS cardholders must be:
 - Physically identified, tagged and labeled
 - Accounted for, and recorded in a formal inventory system

Personal Property

- ▶ According to Section 5.3 of the Personal Property Management Handbook #44, cardholders must:

“...coordinate with the Receiving Officer to ensure that all property items are affixed with a U.S. Government label, and all capitalized and sensitive property items are affixed with a U.S. Government label and an NPS barcode label and entered into the property system within five working days upon receipt.”

What We Found:

Personal Property Not Properly Labeled

- ▶ We conducted a physical inventory of 378 items; identification labels were not affixed to all items.

- ▶ For example:

We found an unopened box without an identification label that contained a television. This box was sitting on the floor in the Training Room located in the Maintenance Building.

What We Found:

Personal Property Not Inventoried

- ▶ According to Section 5 of the Personal Property Management Handbook #44 NPS is required to formally document the receipt of all personal property acquired through purchase card transactions.
- ▶ Not all property purchased by cardholders could be located and traced because it was not always documented or recorded in an inventory system.
- ▶ For example...

- ▶ *6 unidentified cameras installed around the outside of the Maintenance Building are not documented or recorded in the division's existing inventory system.*
- ▶ *29 fans purchased for NPS Housing by the Housing Management Assistant could not be identified, located, or traced because **no division inventory system exists.***

- ▶ Personal property that is not properly labeled or formally documented in an inventory system is susceptible to loss or theft.

- ▶ Below are examples of unlabeled property we found at various NPS locations, that appear to be untouched since purchase.



It is unknown why NPS is not currently using these items that appear to be brand new.



What We Found:

Critical Job Vacancies

- ▶ The following positions are critical to maintaining efficient and secure inventory systems:
 - Accountability Officer
 - Receiving Officer
 - Custodial Officer
- ▶ These positions within NPS are all currently vacant.

What We Found:

Inadequate Storage Methods

- ▶ Lack of storage space has resulted in property being abandoned outdoors where it is susceptible not only to harsh weather elements but also theft.



- ▶ While it appears that these items have been left for disposal – they are, in fact, currently functioning. This illustrates how NPS has chosen to store its purchases.



NPS is currently extremely vulnerable to charge card misuse and theft.

The following are six suggestions we strongly believe should be implemented to circumvent the future possibility of charge card misuse and theft.

Suggestions:

1. Evaluate and adjust the number of cardholders with purchase authority to a maximum of two per division.
2. Require all cardholders to become familiar with procedures governing the use of charge cards, including the maintenance of all records for the required time periods.
3. Require all employees to become familiar with and implement procedures found in the Personal Property Management Handbook #44.

Suggestions:

4. Hold reviewing officials and the Agency/Organization Program Coordinator responsible for performing adequate and timely reviews.
5. Require that complete and accurate formal and informal inventory lists be compiled for each division. For all items purchased, receiving reports should be prepared and submitted to the employee responsible for the property.
6. Appoint employees to critical positions required for maintaining efficient personal property inventory systems.

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