



U.S. Department of the Interior  
Office of Inspector General

# **SURVEY REPORT**

**USE OF THE  
GOVERNMENTWIDE PURCHASE CARD,  
OFFICE OF THE SECRETARY**

**REPORT NO. 99-I-375  
MARCH 1999**



# United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

MAR 30 1993

## SURVEY REPORT

### Memorandum

To: Assistant Secretary for Policy, Management and Budget

From: Robert J. Williams *Robert J. Williams*  
Assistant Inspector General for Audits

Subject: Survey Report on the Use of the **Governmentwide** Purchase Card, **Office** of the Secretary (No. 99-I-375)

## INTRODUCTION

This report presents the results of our survey on the use of the Governmentwide purchase card by offices within the Office of the Secretary and other offices for which the **Office** of the Secretary provides purchase card services (see Appendix 1). The objective of the review was to determine whether the **Office** of the Secretary managed the Governmentwide Purchase Card Program in accordance with applicable laws, regulations, and guidelines.

## BACKGROUND

In 1989, the General Services Administration awarded a contract to Rocky Mountain **BankCard** System to provide credit card services within the Federal Government. The card was intended to streamline the small purchase and payment processes. The **BankCard** System issued instructions on using credit cards and approving credit card purchases as follows: (1) Cardholder **Instructions** for the Use of the **Governmentwide** Credit Card and (2) Approving **Official** Instructions for the Use of the Governmentwide Credit Card. On June 28, 1990, the Department of the Interior issued the "Handbook for Utilization of the Governmentwide Commercial Credit Card," under Department of the Interior Acquisition Policy Release 90-35. In October 1990, the **Office** of Aircraft Services issued the "Procurement Guide, for Fleet **Aircraft** Parts and Services," which included Instruction 540-2, "Use of **Governmentwide** Commercial Credit Card." One purpose of the "Procurement Guide" was to supplement the Department's "Handbook" with specific instructions pertinent to the Office of **Aircraft** Services. In June 1994, the Office of the Secretary issued its Administrative Handbook, "Contracting and Procurement-Commercial Credit Card." The Administrative Handbook

provided information on the proper use of the purchase card to employees of the **Office** of the Secretary and the **offices** it services. Within these **offices**, purchase cards are used primarily for the acquisition of supplies and services costing \$2,500 or less.

On a monthly basis, the **BankCard** System submits invoices to the following **offices** within the Office of the Secretary: the Interior Service Center, Washington, D.C.; the **Office of Trust Funds Management**, Denver, Colorado; and the Office of Aircraft Services, Boise, Idaho. The monthly invoices represent the aggregate credit card amounts for each participating office within the Office of the Secretary. In addition, the **BankCard** System submits to each cardholder a monthly statement that itemizes the cardholder's transactions. Upon receipt of the monthly cardholder statement, the cardholder is required to reconcile the statement with the transaction documentation and certify that all purchases listed on the statement are accurate and were made for **official** Government purposes. The cardholder is required to forward the certified statement and all supporting documentation to the cognizant approving official. The approving **official** is required to review the cardholder's statement and supporting documentation and to certify that the cardholder's purchases were made for valid Government purposes. The **BankCard** System also submits to each approving official a statement (Business Account Summary) that lists monthly purchase amounts made by **all** cardholders assigned to the approving **official**.

On May 15, 1998, the Department awarded a task order under the General Services Administration's **SmartPay** Program Contract with **NationsBank** to provide credit card services to the Department. This contract replaced the contract awarded by the General Services Administration to Rocky Mountain **BankCard** System. On November 18, 1998, subsequent to the issuance of the draft report, the Department issued revised guidelines for using the new credit cards. Although the new guidelines provide for an approving **official**, this **official** is not required to certify the cardholder's statement. The new guidelines state that the approving official is responsible for providing oversight of and for monitoring the designated cardholder's compliance with the rules and procedures. The guidelines further state that the approving official is expected to review the cardholder's transactions "on-line" and through a series of standard ad hoc exception reports. The guidelines also require bureaus to establish individual transaction review processes and procedures and to submit a copy of the review with their findings to the appropriate bureau **officials**.

## SCOPE OF SURVEY

Our survey included purchases made with the Government purchase card for the period of October 1996 through July 1997 by Office of the Secretary employees and employees of the other **offices** and agencies serviced by the **Office** of the Secretary. The 315 cardholders within these **offices** generated 6,452 purchases, valued at \$2.5 million. We judgmentally selected 796 purchases, totaling \$413,508, made by 53 cardholders and reviewed by 38 approving **officials**. Cardholders and approving **officials** were selected from each office based on the months with the highest dollar value transactions. We did not include purchases made by the Office of Inspector General in our review because of the lack of independence. Although we excluded the Office of the Inspector General **from** this review, credit card

purchases made by **Office** of Inspector General cardholders during fiscal year 1997 were included in an internal management control review report dated April 23, 1998.

Our survey was made in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. In planning our survey, we reviewed the Department's Accountability Report for fiscal year 1996, which includes information required by the Federal Managers' Financial Integrity Act, and determined that no material weaknesses were reported that directly related to the objective and scope of our survey.

We also evaluated the **Office** of the Secretary's system of internal controls related to purchase card activities and found weaknesses in the areas of approving **officials'** reviews, unauthorized use, split purchases, telephone order logbooks, and card security. We also determined that the Office of the Secretary did not provide adequate oversight of purchases made with the cards. These weaknesses and the recommended corrective actions are discussed in the Results of Survey section of this report. The recommendations, if implemented, should improve the internal controls in these areas.

## **PRIOR AUDIT COVERAGE**

The Office of the Inspector General has not issued any reports during the past 5 years concerning the Office of the Secretary's management of the Governmentwide purchase card. However, the General Accounting Office issued the report "Acquisition Reform: Purchase Card Use Cuts Procurement Costs, Improves Efficiency" (No. GAO/NSIAD-96-138), dated August 6, 1996. The report stated, "Agencies have found they can support their missions at reduced costs by having program staff use the purchase card for simple purchases. Further, agency studies have shown that purchase card use reduces labor and payment processing costs." Although the Department of the Interior was included in the study, no findings were directly related to the Department.

## **RESULTS OF SURVEY**

We found that for 192 (\$142,446) of the 796 (\$413,508) transactions reviewed, the approving officials either did not certify the cardholders' statements or certified the statements without obtaining vendor invoices or itemized receipts to verify that the items purchased were for **valid** Government purposes. We also found that cardholders allowed noncardholders to use their card for 12 purchases, totaling \$4,235; split orders for 41 purchases, totaling \$56,923; and either did not maintain telephone logbooks or maintained inadequate logbooks for 433 purchases, totaling \$247,883. In addition, we found that 19 of the 53 cardholders included in our review did not adequately safeguard their purchase cards. The instructions and procedures for the use of the Governmentwide purchase card are included in the **Bankcard** System's Cardholder Instructions and Approving **Officials** Instructions, the Department's "Handbook," the Office of the Secretary's Administrative

Handbook, and Aircraft Services Procurement Guide. The deficiencies occurred because (1) approving **officials** did not perform all of the required review procedures and (2) the Office of the Secretary did not perform periodic reviews of the Purchase Card Program. As a result, the **Office** of the Secretary did not have reasonable assurance that improper use of the purchase cards would be prevented or detected in a timely manner for the transactions reviewed.

## Approving **Officials' Reviews**

**Section IV** of the Department's "Handbook" states that approving officials are responsible for (1) maintaining a current listing of all cardholders under their purview, (2) reviewing cardholders' transactions and performing a monthly reconciliation and certification of each cardholder's statement against the monthly Business Account Summary submitted to the approving officials by the **Bankcard** System, (3) verifying that all transactions were made for valid Government purposes, and (4) ensuring that all goods and/or services have been received. After certifying that the cardholders' statements are accurate, the approving official is to forward the original statements to the appropriate finance office. in order to adequately **verify** that the purchases made by the cardholders are for valid Government purposes, approving officials need to (1) review the approving officials' statements to ensure that all cardholders have submitted their statements; (2) review **all** of the documentation, such as invoices or itemized receipts, required by the Department's "Handbook," the Administrative Handbook, and the Procurement Guide; and (3) ensure that a description of the items purchased is annotated on the statement by the cardholder and that the statement is in agreement with the description on the invoice or the itemized receipt.

We found that for 192 (24 percent) of the 796 transactions we reviewed, 28 (74 percent) of the 38 approving officials either did not certify the cardholders' statements or certified the cardholders' statements without reviewing documents such as vendor invoices or itemized receipts to verify that the purchases were for valid Government purposes. **In** addition, 18 of the 38 approving officials did not reconcile the cardholders' statements to the corresponding approving officials' Business Account Summary **to** ensure that all cardholders who made purchases submitted their statements. By not reviewing receipts and invoices and by not reconciling the Business Account Summary with the cardholders' statements, inappropriate purchases could be made and not be detected. Examples of the lack of certification and/or documentation and the lack of approving officials' reconciliation are as follows:

- A Space and Facilities Management Division cardholder's statement containing three transactions, valued at \$5,400, was paid, even though there was no invoice for one purchase, valued at \$2,400, and the statement had not been certified by an approving official. According to the description provided by the cardholder on the statement., these purchases consisted of services for water treatment and duct cleaning. The cardholder stated that the vendor did not provide him with an invoice for the cleaning service and that the approving official had retired by the time that the statement had arrived for processing. The cardholder **further** stated that as such, he gave the statement to an employee who was to become his

approving official. However, this employee said that he never received the statement. Consequently, we could not verify that this purchase was for a valid Government purpose.

- Three transactions of a cardholder, valued at **\$1,518**, were paid, even though neither the cardholder nor the approving official in the Interior Service Center's Division of Communication and Information Systems and Services had certified that the purchases were valid and necessary. We found that 8 months later, the statement, dated June 13, 1997, was still in the cardholder's desk drawer. Section 7.E of the Administrative Handbook provides 5 days for the cardholder's approval, 7 days for the approving **official's** review and certification, and 3 days for mailing the statement. Furthermore, there were no invoices and/or receipts on file for two of the three purchases, nor was there any description on the cardholder's statement of what was purchased. Therefore, we could not determine what types of items were purchased. The cardholder told us that she was not certain as to why the statement had not been processed properly, and the approving **official** stated that she had "no way of knowing" that the cardholder had a statement which had not been processed. However, this discrepancy could have been detected if the approving **official** had reviewed and reconciled the Business Account Summary to the cardholder's statements.

- An approving **official** within the Office of Aircraft Services approved 26 transactions, valued at \$61,325, even though there were no invoices and/or receipts for 12 purchases, totaling \$42,833. In addition, the cardholder had not provided a description for the 26 items on the statement. Based on the descriptions on the purchase requisitions, we determined that items such as computer equipment, airplane parts, and training were ordered. The approving **official** told us that her review consisted only of checking the cardholder's statement for transactions in excess of \$2,500. The approving official further stated that for six transactions which exceeded \$2,500 (\$51,823), she tried to ensure that there was evidence of competition. In addition, the approving official told us that she does not review the Business Account Summary because it generally arrives about 5 days after she has reviewed the cardholder's statements.

- Both a cardholder and the approving official within the **Office** of Aircraft Services certified payment for a transaction valued at \$654 on the cardholder's July 11, 1997, statement. The purchase was described by the cardholder as "services to provide helicopter." The vendor's invoice, dated June 18, 1997, was for 5 hours of flight time, 1 night of per diem, and 2 days of wages. In addition, a letter **from** the vendor requesting payment **stated**, "The job that I almost did." The cardholder told us that the vendor did not perform any services because the services requested were canceled. At the exit conference on June 30, 1998, the approving **official** stated that she would send us documentation that the vendor had flown a helicopter to the work location. The documentation, which was provided **on** July 2, 1998, included a memorandum prepared by the cardholder that we had not previously reviewed during our site visit, which stated that the vendor had incurred mobilization expenses. On July 8, 1998, we asked the cardholder to explain what types of expenses were included in the mobilization expenses. The cardholder stated, in writing, that the mobilization expenses consisted solely of labor costs. On July 16, 1998, the approving official sent us additional written information to explain the services provided. The information provided stated that the expenses consisted of (1) \$425 for fuel costs to "fly a pilot employed by the vendor, from

his heliport to the designated start point of the contract, "which was approximately 3 1/2 hours each way; (2) \$66 for 1 night per diem for overnight expenses at the location; and (3) 2 days of wages for a pilot. Based on the conflicting information provided by the cardholder and the approving **official**, we contacted the vendor, who stated that he did not incur any expenses relating to the Office of Aircraft Services project. However, he also stated that he believed he should be paid because his pilot was ready to start the Office of Aircraft Services project and he had to hire another pilot to perform a previously scheduled job that his pilot was to perform. The bill the vendor submitted was based on the costs incurred on the previously scheduled project. Consequently, the cardholder and the approving official approved this document without sufficient information concerning the nature of the charges. **In** addition, the vendor was paid for a **service** that was not provided to the Office of Aircraft Services.

- An approving official within the Office of Aircraft Services approved a cardholder's February 13, 1997, statement, which contained a \$4,089 charge for the annual inspection and repair of an aircraft, even though the cardholder had not provided a description of the services purchased, and, at the time of our visit, no invoice was on file. After our visit, Office of Aircraft Services **officials** forwarded the supporting invoice and charge slip for the transaction. In addition, the cardholder did not sign the statement certifying that the purchase was valid and necessary. Moreover, the purchase was certified for payment 4 months late. We also found that four other cardholders' statements, totaling \$16,354, were certified 2 to 4 months late. The approving **official** told us that since she was the only approving **official** for the 50 pilots, most of her statements were signed late because of "higher priority duties and lack of time to accomplish all tasks." According to Aircraft Service's September 16, 1998, response to the draft report, the approving **official** also stated that "choices had to be made between paying interest ... on \$50,000 contract payments or reconciling statements that were already paid and were not accumulating interest charges" and that "review of cardholder statements was not a high priority because the pilots have been conscientious with the use of their purchase cards and the risk of abuse was considered minimal." During the annual inspection, which cost \$765, the vendor identified repairs of \$3,324 that were needed to certify the aircraft as "airworthy." The cardholder authorized the vendor to make the repairs to the aircraft. The approving **official** told us that the cardholder should have notified her when it was determined that the estimated cost of repairs would exceed \$2,500 and that she had "problems" with the cardholder (the pilot) in the past "doing what he wanted to do."

We asked the credit card coordinator how this purchase could be processed since it exceeded the \$2,500 limit by \$1,589. The credit card coordinator stated that the Chief, Division of Acquisition Management, stipulated in an August 2, 1996, memorandum, that the single purchase procurement threshold for all pilots who were issued credit cards be reduced from \$10,000 to \$2,500, with a monthly limit of \$10,000, to comply with the single purchase threshold contained in the Department's "Handbook." The memorandum further stated that the **Office** of Aircraft Services had requested authority to permit the pilots to make single purchases in the amount of \$ 10,000 and that, until approval was received, all purchases of more than \$2,500 were required to be made by a contracting officer. A memorandum was sent to the Director, **Office** of Acquisition and Property Management, Assistant Secretary for Policy, Management and Budget, on July 29, 1996, which requested that the single purchase

limit be increased to \$10,000 for only 8 of the 50 pilots. However, the Rocky Mountain Bank had not been notified of the change; therefore, all 50 of the pilots were able to purchase items in excess of the \$2,500 threshold. According to the credit card coordinator, the request was denied, and **Office** of Aircraft Services officials told us that they had notified Rocky Mountain Bank to reduce the pilots' single purchase limit to \$2,500. Rocky Mountain Bank **officials** said that one of the five pilots we reviewed still had a \$10,000 single purchase limit.

## **Other Deficiencies**

Cardholders did not follow **all** purchase card procedures for 486 purchases, totaling \$309,041. Specifically, individuals who were not authorized cardholders made 12 purchases, totaling \$4,235; 13 orders were split into 41 purchases, totaling \$56,923, therefore staying within the single purchase threshold; and cardholders either did not maintain a logbook or maintained an inadequate logbook for 433 purchases, valued at \$247,883, that were made by telephone. As a result, there was an increased risk that the card could be used for personal use and that purchase limits could be exceeded.

**Unauthorized Use.** The Department's "Handbook" (Section **X**) and the Administrative Handbook (Section 8. D) require that the purchase card be used only by the cardholder. However, for 12 purchases, totaling \$4,235, the sales receipts were signed by three individuals who were not the authorized cardholders. The respective cardholders told us that they allowed their assistants to use their cards and sign for some local purchases "as a matter of convenience."

**Split Purchases.** The Department's "Handbook" (Section VII), the Administrative Handbook (Section 5.F(1)), and the Procurement Guide (Introduction) stipulate that payment for purchases not be split to stay within the cardholders' single purchase threshold. However, cardholders split 13 orders for similar items from the same vendor into 41 purchases, totaling \$56,923. The total amount paid to each vendor for the items exceeded the single purchase limit. For example, a cardholder within the **Office** of the Solicitor purchased toner with a total value of \$8,742 on September 26, 1997, and, according to the cardholder's bank card telephone order log, split the purchase into nine purchases with the same vendor. Each of the nine purchases was under the cardholder's \$2,500 threshold.

**Telephone Order Logbooks.** The Department's "Handbook" (Attachment C), the Administrative Handbook (Section **7(2)**), and the Procurement Guide (Illustration 2) require that purchase card users maintain a logbook of all transactions made by telephone. Each purchase card transaction is to be entered in the logbook at the time the order is placed, and the documentation should be used to verify the purchases shown on the cardholder's monthly statement. According to the guidance, the logbook also should be maintained so that individual and cumulative costs of orders can be tracked to ensure that the delegated monthly limit is not exceeded. The monthly limit is the amount a cardholder may spend in a **30-day** period and is established by the approving official based on anticipated use and budgetary considerations. The monthly limit for the cardholders reviewed ranged **from** \$2,500 to \$150,000. We found that cardholders did not maintain a logbook for 386 telephone



purchases, valued at \$156,426, of the 433 telephone purchases reviewed. Although the remaining 47 purchases, totaling \$8 1,957, were recorded in Aircraft Services logbook, the logbook did not contain all of the information required by Aircraft Services Procurement Guide. Specifically, the logbook used did not contain the dates the order was placed and received or the quantity of items ordered, information that was needed by the cardholder and the approving **official** to adequately certify that the cardholder's statement was accurate.

## Card Security

The Department's "Handbook" (Section **X**) states that purchase cards should be safeguarded in the same manner as cash. The Administrative Handbook (Section **8D**) and the Procurement Guide (Section 3.6) state that the cardholder is responsible for **the** proper use and the safeguarding of the purchase card. However, we found that 19 of the 53 cardholders in our sample were not properly safeguarding their purchase cards in that they kept their cards in unlocked desks or file cabinets. The lack of security over purchase cards increases the potential for cards to be lost or stolen or used for inappropriate purposes.

## Oversight Reviews

The Department's "Handbook" (Section XVI) and the Procurement Guide (**540-2(7)**) require that credit card transactions be reviewed annually to ensure that the credit card is used properly. The Administrative Handbook does not address this annual review requirement. The program coordinator for the Office of Aircraft Services told us, in writing, that "to the best of my knowledge my predecessor ..., did not conduct any type of annual review. However, a review will be conducted (by me) on FY [fiscal year] 97 transactions. This review is scheduled to begin on 15 **Oct** 97." However, this review was not performed. The program coordinator for the **Office** of the Secretary told us that she manages the purchase card program in addition to other responsibilities and therefore did not have the time to perform the required review. Without the required oversight reviews, there was no assurance that all items purchased were for valid Government purposes.

## Recommendations

We recommend that the Assistant Secretary for Policy, Management and Budget:

1. Ensure that approving **officials** follow the review procedures established by the Department and their respective offices when reviewing cardholders' statements.
2. Ensure that cardholders' statements are reviewed timely by the approving officials.
3. **Notify** the Rocky Mountain Bank that it should reduce the spending threshold of all of the Office of Aircraft Services pilots to \$2,500.
4. Ensure that cardholders comply with purchase card policies and procedures concerning unauthorized purchases, split purchases, and telephone orders.

5. Ensure that purchase cards are adequately safeguarded.

6. Ensure that annual reviews of purchase card transactions are performed in accordance with Departmental guidance.

### **Office of the Secretary Response and Office of Inspector General Reply**

In a September 11, 1998, memorandum to the Office of Inspector General, the Director of Administration, **Office** of the Secretary, said that he had requested the Director of Aircraft Services and the Director of the Interior Service Center to provide a response to the draft survey report on behalf of the Office of the Secretary.

In its September 16, 1998, response (Appendix 2) to our draft report, the Office of Aircraft Services concurred with all six of the recommendations and indicated that it had implemented the recommendations. In its September 25, 1998, response (Appendix 3) to the draft report, the Interior Service Center concurred with the five recommendations (Nos. 1, 2, 4, 5, and 6) applicable to the Center and stated that corrective actions would be taken for those recommendations. Although Aircraft Services and the Service Center concurred with Recommendation 1 in the draft report, we revised Recommendation 1 to reflect the changes as stated in the recently issued guidelines. These guidelines no longer require the approving officials to certify their cardholders' statements each month and state **only** that the approving **official** should review cardholders' transactions on-line. Since the monthly certification requirement has been eliminated, we believe it is critical for the approving officials to provide the required oversight and monitoring to ensure cardholders' compliance with the new guidelines and timely detection of misuse of the purchase card. Based on the responses, we consider Recommendation 3 resolved and implemented and request that the Service Center provide target dates and titles of the officials responsible for implementing Recommendations 1, 2, 4, 5, and 6 (see Appendix 6).

Aircraft Services and the Service Center **also** provided additional comments on information presented in the report. Aircraft Services and the Service Center's comments and our replies to these comments are presented in Appendices 4 and 5, respectively.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting a written response to this report by May 7, 1999. The response should provide the information requested in Appendix 6.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the **assistance** of **Office** of the Secretary personnel in the conduct of our survey.

**OFFICES SELECTED FOR REVIEW  
FOR WHICH PURCHASE CARD SERVICES WERE  
PROVIDED BY THE OFFICE OF THE SECRETARY**

Secretary's Immediate **Office**

Assistant Secretary for Indian Affairs

Assistant Secretary for Fish and Wildlife and Parks

Assistant Secretary for **Land** and Minerals Management

Assistant Secretary for Water and Science

Assistant Secretary for Policy, Management and Budget

Division of Space and Facilities Management (Now the Facilities and Management Service)

Interior Service Center (Now the National Business Center)

**Office** of Acquisition and Property Management

Office of Policy Analysis

**Office** of Budget

**Office** of Information Resources Management

Office of Managing Risk and Public Safety

**Office** of Hearings and Appeals

**Office** of Small and Disadvantaged Business Utilization

**Office** of Aircraft Services

**Office** of Insular Affairs

**Office** of Financial Management

**Office** of Personnel

**Office** of Environmental Policy and Compliance

**Office** of Communications and Information Services

Office of the Solicitor

Office of Trust Funds Management

Advisory Council of Historic Preservation




United States Department of the Interior  
OFFICE OF THE SECRETARY  
OFFICE OF AIRCRAFT SERVICES  
P.O. BOX 15428  
BOISE, IDAHO 83715-5428

In reply refer to:

502B

September 16, 1998

To: Robert J. Williams  
Assistant Inspector General for Audits

From: Elmer J. Hurd   
Director

Subject: Draft Survey Report on the Use of the **Governmentwide** Purchase Card,  
Office of the Secretary (Assignment No. H-IN-OSS-00 1-97)

The Office of Aircraft Services offers the following comments on the recommendations contained in the draft report dated August 6, 1998 addressed to the Assistant Secretary - Policy, Management and Budget. Additional comments on the text of the report are attached.

Recommendation 1

Ensure that approving officials follow the review procedures established by the Department and their respective offices when certifying cardholders' statements.

Response

Concur. A memorandum (copy enclosed) was sent to all cardholders and approving officials to remind them of their responsibilities and to highlight those areas specifically identified as weaknesses by the Inspector General's audit. Compliance will be reviewed as part of the program coordinator's annual review.

Recommendation 2

Ensure that cardholders' statements are reviewed timely by the approving officials.

Response

Concur. A memorandum was sent to all cardholders and approving officials to remind them of their responsibilities and to highlight those areas specifically identified as weaknesses by the Inspector General's audit. Compliance **will be reviewed as** part of the program coordinator's annual review.

Recommendation 3

Notify the Rocky Mountain Bank to reduce all of the Office of Aircraft Services pilots' spending thresholds to **\$2,500**.

Response

Concur. Aircraft Services requested that all pilot cardholder limits be reduced on February 18, 1998. A subsequent review of the March 1998 Business Account Summary disclosed that the Bank had erroneously **cancelled** one cardholder's account and had later reactivated the account without making the requested adjustment. Rocky Mountain Bank has been notified of the error, and the limit has been reduced.

Recommendation 4

Ensure that cardholders comply with purchase card policies and procedures concerning unauthorized purchases, split purchases, and telephone orders.

Response

Concur. A memorandum was sent to all cardholders and approving **officials** to remind them of their responsibilities and to highlight those areas specifically identified as weaknesses by the Inspector General's audit. Compliance will be reviewed as part of the program coordinator's annual review.

Recommendation 5

Ensure that purchase cards are adequately safeguarded.

Response

Concur. A memorandum was sent to all cardholders and approving **officials** to remind them of their responsibilities and to highlight those areas specifically identified as weaknesses by the Inspector General's audit. Compliance will be reviewed as part of the program coordinator's annual review.

Recommendation 6

Ensure that annual reviews are performed in accordance with Departmental guidance.

Response

Concur. Aircraft Services' program coordinator will conduct reviews annually, in accordance with Departmental guidance. The FY 1998 purchase card review will begin October 15, 1998.

If you have any questions or require additional information, please contact Kim Salwasser at (208) 387-5758.

Attachments

**cc:** Director of Administration  
Director, **Office** of Acquisition and Property Management  
Director, Interior Service Center

## Use of the Governmentwide Purchase Card (H-IN-OSS-001-97)

The audit liaison officer compiled additional comments from Aircraft Services' staff who participated in this audit.

### GENERAL COMMENTS

Although the **Office** of Aircraft Services concurs with the recommendations found in the audit report, we are disappointed in the unproductive manner in which the findings **were** presented. Specifically we object to the tone used throughout the report, misquotes of our staff, and inaccuracies in the report. We brought the inaccuracies in the preliminary draft report to the attention of the audit staff at the exit conference. However, the inaccuracies were still included in the draft report. We believe that the incomplete information provided in the report misleads the reader and is not representative of an objective reporting format.

In the past, Aircraft Services has had a cooperative and productive working relationship with the Inspector General's office. Previous audit staff had presented constructive recommendations and observations to improve the efficiency and effectiveness of our program. However, the approach used in this report to convey the minor compliance deficiencies found in oversight of the Governmentwide Purchase Card Program does not reflect the Inspector General's role as an "agent of positive change." Rather, the approach impedes positive working relationships between agencies and can undermine the integrity, credibility, professionalism, and objectivity of the auditing organization.

Had the auditors taken the time to brief our staff and management on preliminary findings and noted examples prior to departing the audit site, many of the inaccuracies could have been resolved and supporting documentation that was either not located or not photocopied by the auditors could have been provided. Aircraft Services has provided additional information below on the examples and findings in the report to convey a more accurate and complete picture for the reader.

Finally, we believe that the Inspector General's office has overlooked positive program and operational accomplishments that can be directly attributed to Aircraft Services' implementation of the Governmentwide Purchase Card Program. The program, despite the compliance deficiencies identified in this report, has been an overwhelming success. For instance, since our implementation of the purchase card program in FY 1990, there have been:

- 1) A noticeable reduction in the number of purchase orders required and in the number of payments processed, which enables our reduced staff to redirect attention to better serving our customers and our vendors;
- 2) A method to make payments quickly to small and disadvantaged businesses, which rely on customers to pay **for services as** they are provided; and
- 3) More timely completion of maintenance repairs on fleet aircraft, which results in better program support to Interior bureaus by enabling them to resume their law enforcement, fire suppression, and resource management activities more quickly.

## **SPECIFIC COMMENTS**

**Page 3, Results of Survey.** The conclusion we've drawn from this paragraph is that although the audit identified compliance deficiencies, the auditors did not identify any purchases that would constitute fraud, waste, or abuse of Government resources or any **funding** that could have been put to better use. In essence there was **no** monetary effect of the deficiencies identified.

**Page 4, first paragraph(2).** We agree **that the** Department's "Handbook" and the Aircraft Services' Procurement Guide require the approving official to "review all of the documentation." However, documentation is not limited to invoices or receipts. The June 28, 1990, "Handbook" states that "Upon receipt of a monthly cardholder **statement, cardholders shall** reconcile the statement of account with their ***transaction documentation, e.g. telephone logs, receipts, etc.***" In addition, Aircraft Services' Instruction 540-2, Use of Government-Wide Commercial Credit Card, does not require vendor documentation. The instruction states that "when making credit card purchases by telephone, the cardholder shall document the transaction on the 'Record of Telephone Credit Card Orders' and **request the** vendor to forward the customer copy of the purchase transaction slip and sales receipt. These documents, **if provided**, and any shipping documents associated with the order shall be attached to the monthly cardholder 'Statement of Account.'" The instruction **also** states that the approving official is responsible for "Assuring that ***supporting documentation (e.g., invoice copies, customer copy of the credit card charge slip, record of telephone credit card orders, evidence of competitive or non-competitive justification)*** is attached to the **monthly** 'Statement of Account'." Although Aircraft Services would prefer to have invoices and receipts for every **telephone** order, vendors do not always provide them when requested.

**Page 4, second paragraph, first sentence.** Based on information provided by the auditors, Aircraft Services accounted **for** 27 of these purchases with a value of \$48,500. A review of these purchases by Aircraft Services' management identified only two transactions valued at \$400 that did not have supporting documentation attached to the cardholder's statement. We did, however, note that only one purchase included an invoice or receipt as part of the documentation. Instead, the documentation included a combination of 1) a "Small Purchase Documentation Sheet" (telephone log) completed by the cardholder at the time the order was placed; 2) a "Request, Authorization, Agreement, and Certification of Training, Form SF1 82"; 3) packing slips either with or without dollar values; 4) price quotation sheets provided from the vendor; and 5) the requisition from the individual requesting the order be placed. Therefore, based on the criteria cited in the report, we disagree with the auditors' narrow definition of supporting documentation and their refusal to accept anything but an invoice or receipt as support.

**Page 4, last paragraph, first sentence.** We **wish to reiterate** our comments provided on the preliminary draft regarding these transactions. A review of the documentation by our management confirmed our contention that **all** transactions had supporting documentation attached. The auditors stated during the **exit** conference that they did not have support for these transactions. Therefore we sent them one page of a three-page statement with supporting documentation. We informed the auditors that we had sent only the one page because of the length of the statement and the supporting documentation, but would send the additional two pages if they so requested. When we did not receive any request from the auditors, we believed that they were satisfied with the documentation provided.

**Page 4, last paragraph, second sentence.** Again we wish to reiterate our comments provided on the preliminary draft, as well as in previous discussions with the audit staff, regarding detailed



descriptions. The **Bankcard** System's Cardholder Instructions states "Provide a complete description of each item purchased on the 'Description' line, *required by your agency.*" **The Office** of Aircraft Services' Instruction 540-2, Use of Government-Wide Commercial Credit Card, states that the cardholder will "provide a description@ each purchase"; however, it does not require a complete description of each item purchased. Because of the short length of the description line provided and the detail normally required to have the description be meaningful, the cardholder has assigned a unique "call number" to each credit card purchase and included it as the description on the cardholder statement. This unique "call number" corresponds directly to the purchase documentation so it may be easily identified and retrieved. Aircraft Services' management believes this **sufficiently** describes the purchase, efficiently directs the cardholder to necessary documentation, and adequately **complies with the requirement**.

**Page 5, first paragraph, last sentence.** This statement neglects to inform the reader that the approving official has **only** one cardholder assigned for her review. If the purpose of reviewing the Business Account Summary is to "ensure that all cardholders have submitted their statements," we fail to see the purpose of this approving official's review of the Business Account Summary when the only statement she will receive has been reviewed **prior to** receipt of the summary. In addition, there is no requirement that the approving official review the Business Account Summary. The **Bankcard** System's Approving Officials Instructions states "The cardholders' Statement of Account may be compared to the listing of cardholder accounts on the Approving **Official's** consolidated statement to ensure that all cardholder activity is accounted for." Aircraft Services' management agrees that such a review is an important internal control procedure that should be done when the approving official has a significant number of cardholders whom they are responsible for reviewing. However, this situation does not warrant such a review.

**Page 5, second paragraph.** We disagree with the conclusion drawn from this failed attempt to clarify the situation and circumstances. After many discussions with the auditors and numerous written statements, we can only conclude that the confusion with this credit card purchase stems **from** the auditors' lack of understanding of the concept of "mobilization expenses." As previously defined in **our** June 8, 1998, correspondence to the auditor, mobilization costs "typically encompass all costs associated with readying and transporting personnel and equipment from the vendor's place of operations to the Government's designated base." Aircraft Services requested a substitute aircraft and pilot be mobilized because the contractor hired under the **long-term** contract to perform the services did not appear to be able to meet the contract start date. While the substitute aircraft and pilot were en route from Greybull, Wyoming (the contractor's place of operations), to Chamberline, South Dakota (the Government's designated base), the original contractor hired to perform the services came "on-line" and Aircraft Services cancelled the substitute aircraft and pilot. That is why the vendor stated in his letter "The job I almost did." The cardholder paid the mobilization expenses of \$653.79 based on the invoice received from the vendor. After the exit conference and the continued questions from the auditors regarding this purchase, the approving **official** contacted the vendor's accountant on July 16, 1998. The accountant confirmed that the invoice represented the cost incurred by the vendor to move a pilot **from** Greybull, Wyoming, to the point where he was released by Aircraft Services, en route to the designated base in Chamberline, South Dakota. The release by Aircraft Services was made **after** the vendor had incurred expenses. Although no "services" were provided, the vendor's expenses were justified, reasonable, and authorized by the Chief, Acquisition Management. We fail to understand the auditor's confusion with this purchase. The situation is no different from a Government employee being sent on temporary duty to another location and, en route to that location, the employee is called back by the employing office. The Government employee is

entitled to reimbursement of wages and applicable travel expenses, even though no job was actually performed.

**Page 5, last paragraph, sentences one through four.** We disagree with the auditor's claim that no invoice was on file at the time of their visit. The invoice our staff sent was date stamped as received by the finance **office** on February 18, 1997, and was attached to the cardholder statement, along with the charge slip and the unsigned, undated letter prepared by the approving official. The documents were provided after the exit conference, during which the auditors stated that they did not have supporting documents for the purchase. However, based on the fact that the auditors did have a copy of the approving **official's** letter to compare with the subsequent copy we provided, we believe the auditors overlooked the invoice or neglected to copy it during their visit. Had the auditors informed us about their inability to locate the invoice during **their visit, the approving** official could have gone to the files with the auditors and shown **them these** documents. The copy of the approving **official's** letter was signed and dated at the time the documents were forwarded to the auditors, so the auditors could identify who had written the letter and the approximate date the information was documented. The date was based on three phone conversations logged by the approving **official** on February 11, 1997; February 19, 1997; and March 4, 1997. These discussions took place between the approving official and the cardholder or his employing agency, prior to and **after** the cardholder transferred to another federal agency. The cardholder signed the charge slip approving the repairs, but was unavailable to sign the cardholder statement because he was no longer employed by the agency at the time the statement was received. Instead, the approving official attached a letter to the cardholder's statement that described the circumstances and signed the statement as the approving official.

**Page 5, last paragraph, last sentence continued to Page 6.** **The** auditor, paraphrasing the approving official, made this statement. The approving official stated that choices had to be made between paying interest (under the prompt payment act) on \$50,000 contract payments or reconciling statements that were already paid and were not accumulating interest charges. In addition, the auditor was told that review of cardholder statements was not as high a priority because the pilots have been conscientious with the use of their purchase cards and the risk of abuse was considered minimal. Furthermore, the auditors were told that, although Aircraft Services had been delayed since July 1997, a position had been filled September 14, 1997, to reduce the backlog.

**Page 6, first paragraph, sentences one and two.** **The annual inspection cost was \$961.80.** The amount quoted in the report included labor, but did not include applicable parts. The statement of circumstances is also inaccurate. The approving official told the auditors that, as is normal while performing the annual inspection, the vendor noted discrepancies required to be corrected for airworthiness. As the vendor was correcting the noted discrepancies, extensive airframe corrosion was found, which would also need to be corrected to maintain FAA airworthiness. Upon notification from the vendor of the corrosion found, Aircraft Services determined that it would not be cost effective to incur an additional **\$ 16,000** expense to repair the damage. At that time, the vendor was reimbursed for the discrepancies corrected prior to discovering extensive corrosion (**\$3,127.34**), and the aircraft was **sold** through a sealed bid process.

**Page 6, first paragraph, sentence four.** The approving **official** denies ever making this statement. The approving official did say that she should **have** been notified when the \$2,500 purchase limit was exceeded, but never said **the pilot** had been a problem in the past.

**Page 6, last two sentences.** **As stated at the exit conference, Aircraft** Services requested that all pilot cardholder limits be reduced on February 18, 1998, after official notification of denial was

**received.** However, a review was performed of the approving official's March 1998 Business Account Summary (copy enclosed), which showed that all pilots were reduced to the \$2,500 single purchase limit except one. Further review disclosed that Rocky Mountain Bank had erroneously cancelled the cardholder's account, and later reactivated the account without making the requested adjustment (refer to enclosed copy of program **coordinator's** request). Rocky Mountain Bank has been notified of the error, and the limit has been reduced.

**Page 6, fourth paragraph.** The statement "in order to stay within the \$2,500 threshold" does not **correspond** to the example given for Aircraft Services, which was a \$25,000 threshold.

**Page 7, second paragraph, sentences four through eight.** We disagree with the inferences drawn from the combination of independent facts cited in this paragraph. Although **Aircraft Services** agrees that the cardholder's single purchase limit was inadvertently exceeded, the circumstances surrounding the purchase demonstrate that it was not a "split purchase". A "split purchase" by definition is the intentional "breaking down of the [purchase] requirements aggregating more than the simplified or micro-purchase threshold into **several purchases** that are less than the applicable threshold". In this example, the cardholder is also a warranted contracting officer for up to \$100,000 and **had** been told when hired, and erroneously believed, that her single purchase threshold was at \$75,000. The cardholder placed one telephone order with the vendor for \$3 1,974. It would have been illegal for the vendor to charge the total amount prior to shipment of the goods. However, the vendor made three different shipments of these goods on three different days, and the vendor was justified and allowed to charge the purchase **card as the goods were** shipped. The vendor did not intentionally "split" the purchase for the purpose of charging the card; otherwise, only two transactions would have been necessary. Incidentally, by charging the goods as shipped, the charges did not exceed the cardholders' single purchase limit. Had the goods been shipped **all on** the same day, the \$25,000 single purchase threshold would have been brought to the attention of the cardholder, and the purchase would have been paid for using another form of payment. In September 1997 after the auditors brought this purchase to the cardholder's attention, the single purchase threshold was increased from \$25,000 to \$100,000.

**Page 7, third paragraph, sixth sentence.** Based on information provided by the auditors, Aircraft Services accounted for 72 of the purchases with a value of \$92,000. A review of these purchases, by Aircraft Services' management, identified 25 purchases valued at \$9,500 for which telephone logs were not kept or attached as supporting documentation. The remaining 47 purchases valued at \$82,500 were detailed in the cardholder's "Visa Charge Log," which is maintained for all purchases, and on the "Small Purchase Documentation Sheet,," which was prepared by the cardholder at the time the order was placed and attached to the cardholder's statement as supporting documentation. We believe that although these documents are not formally referred to as a "telephone logbook," they adequately document the necessary information and fulfill the "logbook" requirement for telephone orders.

**Page 7, third paragraph, last sentence.** Aircraft Services disagrees with the conclusion drawn by your audit staff. The use of a telephone logbook will not prevent cardholders from making personal charges on the card nor will a logbook ensure that cardholders do not exceed their purchase limits. The cardholders' honesty and integrity are solely responsible for preventing misuse of the purchase card.

**Page 8, first paragraph, sentences three through six.** These statements were not included in the preliminary draft; therefore, we were unable to make comments at the exit conference. The program coordinator did not conduct a formally documented review because we did not believe it

would be an efficient or effective use of time to review information already audited by the Inspector General's office. Instead, the program coordinator held discussions with each approving official to review overall findings communicated by the audit staff while performing the audit in September 1997. It was our opinion that we would be more effective if we began correcting the deficiencies rather than waiting over 1 year until your audit report is issued. **An** annual review will begin October 15, 1998, for credit card purchases made in FY 1998, and the program coordinator will formally document the findings of the review.

Page 8, first paragraph, last sentence. We disagree with the conclusion of your auditors that without the reviews "there was little assurance that all items purchased were for valid Government purposes." The reviews are conducted to determine that "authorized procedures" are **followed, not** to judge the validity of a purchase. Decisions on the appropriateness of a purchase **are the** approving official's responsibility. The approving **official** has a better understanding of the program and reviews each credit card statement, **certifying** under the cardholder certification statement that "to the best of my knowledge and belief, all of my statements are true, correct, complete and made in good faith, and subject **to title** 18 US Code, Section 1001."

Page 8, third paragraph. Although we concurred with the audit recommendations, we fail to understand how the auditors could have concluded from the exit conference that **Office** of Aircraft Services' officials "generally concurred with the report's findings."

Appendix. **In** order to give the reader **a better** perspective of the program usage, it would be helpful to provide a separate appendix detailing the results of your audit by office. For instance, it would be useful to know, by **office**, 1) the total number **and** dollar value of the purchases made; 2) the number and dollar value of the purchases reviewed by your **office**; and 3) the number of deficiencies noted by your **office** for the attributes reviewed. The Office of Aircraft Services has **to the** fullest extent possible implemented the Governmentwide Purchase Card Program. Specifically, for the period October 1996 through July 1997, Aircraft Services accounted for 2,664 (40 percent) of the 6,650 purchases made and \$1 million (40 percent) of the \$2.5 million spent by the Office of the Secretary. In contrast, the other 24 **offices** listed in the appendix may have had little to no implementation of the Governmentwide Purchase Card Program. Consequently, we believe that Aircraft Services has been unfairly penalized in the report because of its aggressive implementation.

**In** conclusion, the **Office** of Aircraft Services' does not believe that this report fairly presents its implementation of the Governmentwide Purchase Card Program. The auditors failed to present **a balanced** report by emphasizing only the minor compliance deficiencies identified and ignoring **all** positive outcomes of this program. As stated before, the manner and tone in which this report has been written is not in keeping with the Inspector General's goal of being "an agent of positive change."



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

SEP 25 1998

### Memorandum

To: Assistant Inspector for Audits  
Office of Inspector General

From: Timothy G. Vigotsky *Timothy G. Vigotsky*  
Director, Interior Service Center

Subject: Draft Survey Report Entitled, "Use of the Governmentwide Purchase Card Office of the Secretary"

The Interior Service Center (ISC) is resubmitting its September 18, 1998, **response** to the August 6, 1998, draft **Office** of Inspector General (OIG) survey report. This response now conforms to the format requested by Mr. Bill Dolan of your office. It also includes clarification of our general comments made in paragraph 1 of our September 18, 1998, response. We are submitting this amended response in advance of the September 28, 1998, deadline imposed by Mr. Dolan.

We reviewed the August 6, 1998, **draft** survey report to the Assistant Secretary - Policy, Management and Budget. Essentially, we could not determine **from** the report whether the Office of the Secretary (OS), and specifically the purchase cards controlled by the ISC, were non-compliant with any internal controls related to bank card use per departmental regulation, or if there was a deficiency with respect to the level of our oversight provided. The **draft** report and the debrief provided were too broad to agree with the general statements made in the section entitled, "Scope of the Survey," of page 2, paragraph 3.

Moreover, we **cannot** concur with the alleged weaknesses noted in the report nor with questions surrounding the adequacy of our oversight because some important basic facts about the **ISC's** purchase card program were not correctly reflected in the report. These discrepancies are noted below.

The report cited there are 1,440 cardholders within the Office. In actuality, the ISC is currently responsible for approximately 300 purchase cards and the Office of **Aircraft** Services (OAS) maintains responsibility for less than 100 cards. In short, there are only approximately 400 cards issued for the Office of the Secretary, and only 300 actually controlled by the ISC.

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Moreover, the report stated that these 1,440 cardholders within the Office generated 6650 transactions. For the record, our reports show an average of approximately 225 transactions per month in the ISC over the period of May, 1997, to May, 1998, for a total of approximately 2700 transactions. Even if the OAS also had 2700 transactions **from** its 100 cardholders, a total of 5400 transactions is still significantly less than **the** 6650 transactions cited in the report.

These discrepancies bring into question the validity of the 796 sample transactions which were reviewed in the survey and **the** 192 transactions which were alleged to be faulty (resulting in an error rate of approximately 25%). Also, it is important to note that of the examples of faulty transactions provided in the report, only six (listed on page 4, paragraphs 3 and 4) were directly controlled by the ISC purchase card program. These few examples do not support the 25% error rate alleged in the report. All 796 sample transactions need to be examined closely to determine which ones were, in fact, the responsibility of the ISC. Only after this reconciliation of data can a judgment be made as to the strength of our purchase card program and the adequacy of our oversight.

Also, we recommend consideration be given to including the OIG in **future** audits, or at a minimum, having a subaudit conducted by an independent team to preserve the integrity of the overall audit. The OIG has a \$50K warrant authority and the purchases made by your office contribute a significant percentage to the total purchase card dollars within the ISC.

In regards to the recommendations of page 8, the ISC takes no issue with items **1, 2, 4, 5, and 6** because of their general nature and the fact that we fully support all actions that assure the continued compliance with the rules and regulations governing the use of purchase cards. The following will specifically address each recommendation:

Recommendation # 1

Ensure that approving officials (**AOs**) follow the review procedures established by the Department and their respective offices when certifying cardholders statements.

Response

Concur. The APC will reinforce with all approving officials in the ISC the need to understand and follow all duties of an approving official. This will also be discussed with the **AOs** (or with the new reviewing offkials, if appropriate) when new procedures are developed during the migration to the new bank card company, **NationsBank**. Compliance will also be considered as part of the annual review which will take place after migration to the bank card program with **NationsBank**.

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Recommendation # 2

Ensure that cardholder's statements are reviewed timely by the approving officials.

Response

Concur. See response for recommendation # 1.

Recommendation #3

Notify the Rocky Mountain Bank to reduce all of the OAS pilots' spending threshold to \$2500.

Response

Specific recommendation for the OAS, not applicable to the ISC.

Recommendation #4

Ensure the cardholders comply with purchase card policies and procedures concerning unauthorized purchases, split purchases and telephone orders.

Response

Concur. The APC will continue to spot check transactions, along with the AOs, to assure compliance with proper purchasing rules and regulations. This area will also be included as part of the annual review which will be conducted after the migration to the new bank card program. Any problems identified will be researched and appropriate action taken to correct any deficiencies that are found.

Recommendation #5

Ensure purchase cards are adequately safeguarded.

Response

Concur. Procedures to safeguard purchase cards will be reviewed with all cardholders.

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Recommendation #6

Ensure the annual reviews are **performed** in accordance **with** Departmental guidance.

Response

Concur. The **APC will** conduct an annual review in **accordance** with **Departmental** guidance after migration to **the new** bank card program has **occurred** in November, 1998.

**If** you have any questions, please call **Mr. John Nyce** at (202) 208-3932.

cc: Debra **Sonderman**



## OFFICE OF AIRCRAFT SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL REPLIES

In its September 16, 1998, response, the Office of Aircraft Services presented additional comments on the audit report. **Aircraft** Services comments and our replies are presented in the paragraphs that follow.

**Office of Aircraft Services Comments.** Aircraft Services said that it "object[ed] to the tone used throughout the report, misquotes of our [Aircraft Services] staff, and inaccuracies in the report." Aircraft Services also stated that although these "inaccuracies" were brought to our attention at the exit conference, they were still included in the draft report.

**Office of Inspector General Reply.** We believe that our report is objective, as required by the "Government Auditing Standards," issued by the Comptroller General. Specifically, our report is balanced in content and tone as it presents our findings on Aircraft Services compliance with regulations and procedures for use of the Government purchase card. Although Aircraft Services did not identify the quotes it considered to be in error, the quotes relating to Aircraft Services staff were contained in documents written by those individuals or were made by those individuals during interviews which were attended by usually two Office of Inspector General staff and documented in the working papers.

Regarding "inaccuracies" in the preliminary draft report, Aircraft Services provided us with approximately 63 documents subsequent to our field visit. The majority of the documents, which consisted of purchase card statements, invoices, requisitions, business account summaries, and packing slips, were already in our files. When the additional documents provided adequate support for the purchases, we made changes to the draft report as appropriate. However, the remaining documentation did not support that information in the report was inaccurate.

**Office of Aircraft Services Comments.** Aircraft Services stated that "the approach used in this [our] report to convey the minor compliance deficiencies found in [Aircraft Services] oversight of the Governmentwide Purchase Card Program does not reflect the Inspector General's role as an 'agent of positive change.'" Aircraft Services further stated that the "approach impedes positive working relationships" and could "undermine the integrity, credibility, professionalism, and objectivity of the auditing organization."

**Office of Inspector General Reply.** We disagree that the compliance deficiencies were "minor." As stated in the report (pages 3 and 4), we found that approving officials and cardholders did not follow the established regulations and guidelines for 192 (\$142,446) of the 796 (\$413,508) transactions, **which** represents 24 percent of the transactions and 34 percent of the value of the purchases reviewed. In our opinion, the report does reflect the Inspector General's role as an "agent of positive change" in that it reports areas where

controls are not adequate or not followed, as indicated by the Office of the Secretary's acceptance of all six of the report's recommendations.

**Office of Aircraft Services Comment.** Aircraft Services stated, "Had the auditors taken the time to brief our staff and management on preliminary findings and noted examples prior to departing the audit site, many of the inaccuracies could have been resolved ...."

**Office of Inspector General Reply.** All deficiencies noted during our review were discussed with each of the applicable cardholders and approving officials prior to our departing the audit site. In addition, a copy of our preliminary draft report was provided to the Office of Aircraft Services prior to our June 30, 1998, exit conference. When additional information was provided, we changed the report as appropriate. The preliminary draft is provided to management as an opportunity to address identified weaknesses before a draft report is issued. However, some of the documentation provided, such as purchase card statements, requisitions, packing slips, and other internally prepared documents, were already in our files and did not support Aircraft Service's statement that information in the report was inaccurate.

**Office of Aircraft Services Comment.** Aircraft Services stated that we "overlooked positive program and operational accomplishments that can be directly attributed to Aircraft Services' implementation of the Governmentwide Purchase Card Program." Aircraft Services stated that these accomplishments included "[a] noticeable reduction in. .. purchase orders required and ... payments processed," "[a] method to make payments quickly to small and disadvantaged businesses," and "[m]ore timely completion of maintenance repairs on fleet aircraft."

**Office of Inspector General Reply.** As stated in our report (Prior Audit Coverage section), the General Accounting Office recently issued a report on the use of the purchase card that stated, "Agencies have found they can support their missions at reduced costs by having program staff use the purchase card." Since the General Accounting Office addressed the benefits of using the purchase card, we did not believe that a similar review was warranted. Furthermore, Aircraft Services did not provide any details supporting its statements on the accomplishments cited during the audit, at the exit conference, or in the response to the draft report.

**Office of Aircraft Services Comment.** Aircraft Services stated that although our review "identified compliance deficiencies, ... [it] did not identify any purchases that would constitute fraud, waste or abuse of Government resources or any funding that could have been put to better use. In essence, there was no monetary effect of the deficiencies identified."

**Office of Inspector General Reply.** Any purchases in which fraud or abuse was suspected would not have been specifically identified in the report but would have been

referred for further review to the Assistant Inspector General for Investigations. We referred one such purchase to Investigations for review. Although the report did not identify any funding that could have been put to better use, we believe, based on the deficiencies identified in the report, that the Office of the Secretary did not have reasonable assurance that the improper use of the purchase cards would be prevented or detected in a timely manner. Further, the purpose of an audit is to identify internal controls that are inadequate or controls that are not being followed so that the potential for fraud, waste, and abuse is minimized.

**Office of Aircraft Services Comment.** Aircraft Services stated that it agrees that approving officials should review all of the documentation but that the documentation “is not limited to invoices or receipts.”

**Office of Inspector General Reply.** During our review of individual purchases, we accepted not only vendor invoices and receipts but also charge slips and any other documents from the vendor that contained a description of the item and the amount charged.

**Office of Aircraft Services Comments.** Aircraft Services stated that its office accounted for 27 of the 192 purchases identified in the report for which the cardholders’ statements were not certified by the approving official or were certified without adequate documentation. However, Aircraft Services stated that its own review identified only two transactions which did not have supporting documentation. Aircraft Services further stated that while only one purchase included an invoice or a receipt as part of the cardholder’s statement, the documentation for the other transactions “included a combination of 1) a ‘Small Purchase Documentation Sheet’ .. .; 2) a ‘Request, Authorization, Agreement, and Certification of Training, Form SF1 82’; 3) packing slips either **with** or without dollar values; 4) price quotation sheets provided from the vendor; and 5) the requisition from the individual requesting the order be placed.” Aircraft Services stated that it disagreed with our “narrow definition of supporting documentation” and our “refusal to accept anything but an invoice or receipt as support.”

**Office of Inspector General Reply.** While the documents cited by Aircraft Services were attached to the cardholders’ statements, we determined that only documents obtained from the vendor which included a description of the item purchased and the amount charged provided assurance that the items listed on the statements and the prices paid were valid. The documents cited were primarily requests for services and not evidence of the receipt of such. As previously stated, we did accept packing slips from vendors as adequate support if they included a description of the item and the price.

**Office of Aircraft Services Comments.** Aircraft Services stated that it had provided us with supporting documentation as a result of a statement made at the exit conference that some transactions did not have supporting documents. Aircraft Services **also** stated that it sent “one page of a three-page [cardholder’s] statement with supporting documentation” and that it “informed the auditors that ... [it] had sent only the one page because of the length

of the statement and the supporting documentation.” Aircraft Services also said that it would “send the additional pages” if requested. Aircraft Services further stated that because it did not receive an additional request for information, it “believed that . . . [the auditors] were satisfied with the documentation provided.”

**Office of Inspector General Reply.** We did not request additional documentation because all of the documents provided with the first page and the “supporting documentation” for the other two pages were obtained during the audit, and copies were included in our files. The 32 documents provided included the first page of the cardholder’s statement, invoices, requisitions, requests for training, and other internally prepared documents. All copies of invoices or other vendor documents provided by Aircraft Services that included a description of items purchased and the price were considered adequate support and were already in our files. The documents provided by Aircraft Services that were not in our files supported that the goods or services had been requested but not that they had been received.

**Office of Aircraft Services Comments.** Aircraft Services stated that although its Instruction 540-2 requires that cardholders provide a description for each purchase on the cardholder’s statement, it does not require a complete description of each item purchased. Aircraft Services further stated, “Because of the short length of the description line provided and the detail normally required to have the description be meaningful, the cardholder has assigned a unique ‘call number’ to each credit card purchase and included it as the description on the cardholder statement.” According to the response, the call number “corresponds directly to the purchase documentation so it may be easily identified and retrieved. ”

**Office of Inspector General Reply.** We agree that Instruction 540-2 requires a description of the purchase and not a complete description of each item, and we did not suggest in the report that a lengthy description of each item be included on the cardholders’ statements. However, in the case where the cardholder’s statement contained a call number, the statement did not identify the items purchased. We did not take exception to the use of a single word to describe purchases, such as computer, printer, software, fuel, aircraft maintenance, and training. The description for all of the items purchased on the cardholder’s statement identified in the report would have fit in the space allotted on the statement.

**Office of Aircraft Services Comments.** Aircraft Services took exception to the statement in the report that “the approving official told us that she does not review the Business Account Summary because it generally arrives about 5 days after she has reviewed the cardholder’s statement,” stating that this statement “did not inform the reader that the approving official has only one cardholder assigned for her review.” Aircraft Services stated, “[W]e fail to see the purpose of this approving official’s review of the Business Account Summary when the only statement she will receive has been reviewed prior to receipt of the summary.”

**Office of Inspector General Reply.** Regardless of the number of cardholders assigned to an approving official, the review of the cardholder's statement and the Business Account Summary is the only internal control procedure that will result in the timely detection of the misuse of the purchase card. The timely detection of purchase card misuse is as important for one cardholder as it is for 20 cardholders. One of the purposes of reviewing the Summary is to determine whether the name of the vendor and the amount of purchases on the cardholder's statement agree with the information in the Summary. The approving official stated during an interview with the auditors that she does not review the Summary. In our opinion, she would therefore not detect whether the cardholder had altered the cardholder's statements to conceal misuse of the card. In addition, Section IV of the Department's "Handbook" states that approving officials are responsible for performing a monthly reconciliation of each cardholder's statement with the monthly Summary.

**Office of Aircraft Services Comments.** Aircraft Services stated that, regarding the example of the \$654 charge for helicopter services, it "disagree[d] with the conclusion drawn from this failed attempt to clarify the situation and circumstances." Aircraft Services further stated, "After many discussions with the auditors and numerous written statements, we can only conclude that the confusion with this credit card purchase stems from the auditors' lack of understanding of the concept of 'mobilization expenses.'" Aircraft Services also stated, "As previously defined in. ..[Aircraft Services] ... correspondence to the auditor, mobilization costs 'typically encompass all costs associated with readying and transporting personnel and equipment from the vendor's place of operations to the Government's designated base.'" Aircraft Services further stated that the approving official contacted the vendor's accountant on July 16, 1998, and that the accountant confirmed that the "invoice represented the cost incurred by the vendor to move a pilot from Greybull, Wyoming, to the point where he was released by Aircraft Services en route to the designated base in Chamberlin, South Dakota." Aircraft Services also stated that the release "was made after the vendor had incurred expenses."

**Office of Inspector General Reply.** We do not agree that the conclusions in the report concerning this transaction were "drawn from this failed attempt to clarify the situation and circumstances." Instead, the report illustrates the conflicting information received from the cardholder, the approving official, and the vendor concerning the circumstances of this transaction. After receiving conflicting information concerning the \$654 charge from the cardholder and the approving official, we contacted the vendor on July 17 and July 20, 1998, to clarify this transaction. The vendor said that he did not fly his aircraft to the Office of Aircraft Services location prior to receiving Aircraft Services cancellation notice but that in anticipation of performing this work for Aircraft Services, he hired another pilot to provide aircraft services to his other clients. According to the vendor, the hired pilot flew his private airplane from Glendike, Montana, to the vendor's location in Greybull. Neither the vendor nor the hired pilot incurred any expenses flying their aircrafts to Chamberlin.

**Office of Aircraft Services Comments.** Aircraft Services stated that it disagrees with the statement in the report that no invoice was on file at the time of the review and stated that the invoice was attached to the cardholder's statement. Aircraft Services also stated that had the auditor informed that **office** about the missing invoice, the approving **official** "could have gone to the files with the auditors and shown them" the invoice. **Aircraft Services** also commented on a statement in the draft report concerning an unsigned document in the files, stating that the cardholder was unable to sign the document because "he was no longer employed by the agency." The approving official further stated that she signed the cardholder's name on the document and backdated the document "so that the auditors could identify who had written the document and the approximate date the information was documented."

**Office of Inspector General Reply.** All deficiencies pertaining to the files, including the lack of an invoice in the file, were discussed with the approving official at the time of our audit at the **Office of Aircraft Services** in Boise, and those discussions were documented in the working papers. We have deleted reference to the backdated document in our report because the document did not directly relate to our finding.

**Office of Aircraft Services Comments.** Regarding the statement in the report that the approving official told us that since she was the only approving official for the 50 pilots, most of her statements were signed late because of "higher priority duties and lack of time to accomplish all tasks," Aircraft Services stated that the "auditor, paraphrasing the approving **official**, made this statement." Aircraft Services further stated that the approving **official** said that "choices had to be made between paying interest ... on \$50,000 contract payments or reconciling statements that were already paid and were not accumulating interest charges." Aircraft Services also stated that the approving officials told the auditor that "review of cardholder statements was not as high a priority because the pilots have been conscientious with the use of their purchase cards and the risk of abuse was considered minimal."

**Office of Inspector General Reply.** The statement quoted in the report was based on notes taken during our interview with the approving **official**. During this interview, the approving **official** did not discuss paying interest on \$50,000 contract payments or the fact that the pilots had been conscientious with the use of their purchase cards. Also, we would be concerned that "\$50,000 contract payments" would cause a 2- to 4-month delay in approving cardholders' statements. However, we have revised the report to include the additional comments pertaining to the approving **official**.

**Office of Aircraft Services Comments.** Aircraft Services stated that the annual inspection cost was \$961.80 and that the amount quoted in the report (\$765) included only labor and not parts. Aircraft Services also stated that the statement in the report concerning the circumstances of this transaction was "also inaccurate."

**Office of Inspector General Reply.** We disagree that the circumstances of this transaction were described in the report inaccurately. This information was included in the report to emphasize that the cardholder should have notified the approving official once the estimated cost of the repairs exceeded the pilot's \$2,500 single purchase limit. According to the documentation provided in the purchase card file, the total cost of the inspection and all repairs was \$4,089, which consisted of \$765 to perform the basic inspection and \$3,324 for labor and parts to make repairs that were necessary for Federal Aviation Administration certification. The \$196.80 (\$961.80 minus \$765.00) for parts cited in Aircraft Services comments is included in the \$4,089 that was charged to the purchase card.

**Office of Aircraft Services Comment.** Aircraft Services stated that the approving official did say that she should have been notified when the \$2,500 purchase limit was exceeded but that she "never said that the pilot had been a problem in the past."

**Office of Inspector General Reply.** The statement made by the approving official was documented in writing during an interview with the auditors.

**Office of Aircraft Services Comments.** Aircraft Services stated that it had requested that all pilot cardholder limits be reduced on February 18, 1998, after official notification of denial was received. Aircraft Services further stated that "a review was performed of the approving official's March 1998 Business Account Summary," which showed that the limits had been reduced for all but one of the pilots. Aircraft Services also stated that Rocky Mountain Bank had been notified of the error and that the limit had been reduced.

**Office of Inspector General Reply.** Aircraft Services notification to the Bank to reduce the pilots' limit should resolve this deficiency.

**Office of Aircraft Services Comment.** Aircraft Services stated that the report's statement that purchases were split "'in order to stay within the \$2,500 threshold' does not correspond to the example given for Aircraft Services, which was a \$25,000 threshold."

**Office of Inspector General Reply.** We agree that the threshold for some cardholders exceeds \$2,500, including the cardholder cited in the example. Therefore, we have changed the report (page 7) to read "within the single purchase threshold."

**Office of Aircraft Services Comments.** Aircraft Services stated that it "disagree[d] with the inferences drawn from the facts cited" regarding split purchases. Aircraft Services further stated that it "agrees that the cardholder's single purchase limit was inadvertently exceeded" but that the cardholder is also a warranted contracting officer with warrant authority of \$100,000 and that the cardholder had been told and "erroneously believed" that her single purchase threshold was \$75,000. Aircraft Services also stated, "The cardholder placed one telephone order with the vendor for \$3 1,974. It would have been illegal for the vendor to charge the total amount prior to shipment of the goods." Aircraft Services further

stated that since the vendor shipped the goods on three different days, the charges did not exceed the cardholder's single purchase limit. Aircraft Services stated that had all of the goods been shipped on the same day, the \$25,000 single purchase threshold would have been brought to the attention of the cardholder. Aircraft Services further stated that **after** this purchase was brought to the cardholder's attention by the auditors, the threshold was increased to \$100,000.

**Office of Inspector General Reply.** When an employee is designated as a cardholder, the bank mails a purchase card to the cardholder. In order to activate the card for use, the cardholder must provide the bank with the single purchase limit, the **30-day** purchase limit, and any merchant category code restrictions. In addition, the single purchase and **30-day** purchase limits are printed on cardholders' monthly statements. Therefore, the cardholder should have been aware that her single purchase threshold was only \$25,000. The fact that the cardholder has warrant authority of \$100,000 does not automatically supersede the limit established by Aircraft Services for this individual's purchase card. As stated in the report, the cardholder should not have charged the purchase to her credit card. The purchase should have been made using a different procurement method. Although the cardholder exceeded her single purchase threshold, we agree that the purchase was technically not a split order. Therefore, we have deleted this example from the report.

**Office of Aircraft Services Comments.** Regarding our finding that cardholders did not maintain a logbook for 433 telephone purchases, Aircraft Services stated that of the 72 purchases cited for not being recorded in a telephone logbook, it agreed with our conclusion for 25 purchases. Aircraft Services further stated that although a formal logbook was not maintained for the remaining 47 purchases, the cardholder maintained a "Visa Charge Log" and a "Small Purchase Documentation Sheet." Aircraft Services also stated that these documents "fulfill the 'logbook' requirement for telephone orders."

**Office of Inspector General Reply.** Based on the information provided by Aircraft Services, we have reduced the number of transactions identified as not being recorded in a logbook **from** 72 to 25. However, we have revised the report (pages 7 and 8 ) to state that while the remaining 47 purchases were recorded in a logbook ("Visa Charge Log"), the logbook, in our opinion, did not provide the approving official with all of the information needed to properly certify the cardholder's statement, such as the dates the order was placed and received or the **quantity** of items ordered.

**Office of Aircraft Services Comments.** Aircraft Services stated that it disagreed that the use of a telephone logbook would increase the risk that the card could be used for personal use and that purchase limits could be exceeded. Aircraft Services also stated, "The cardholders' honesty and integrity are solely responsible for preventing misuse of the purchase card."



**Office of Inspector General Reply.** The statement in our report that “because the cardholder did not follow purchase card procedures, there was an increased risk that the card could be used for personal use and that purchase limits could be exceeded” refers to the effect of the three areas under the section “Other Deficiencies” in the report (that is, unauthorized use, split purchases, and telephone order logbooks) and not specifically to the use of the logbook. In that regard, we agree that the use of a logbook would not detect personal use of the card. Accordingly, we have revised the report (pages 7 and 8) to clarify our conclusion. However, we believe that the use of a logbook would assist the cardholder in ensuring that the **30-day** purchase limit is not exceeded. We disagree that the cardholder is solely responsible for preventing misuse of the purchase card. Internal controls are designed to transcend the honesty and integrity of individuals. **Office** of the Secretary personnel are also responsible for ensuring that management controls for preventing and detecting improper use are established and followed.

**Office of Aircraft Services Comment.** Aircraft Services stated that the program coordinator did not conduct a formally documented review because it “did not believe it would be an efficient or effective use of time to review information already audited” by the **Office** of Inspector General.

**Office of Inspector General Reply.** The Department’s “Handbook” requires that an annual review of credit card transactions be conducted to ensure that the credit card is used properly. The information quoted in the report stating that Aircraft Services did not conduct any type of annual review and that a review would be scheduled by October 15, 1997, was provided in writing by the program coordinator. The written document provided by the program coordinator did not state that the reason for not conducting a review was because it would not be an efficient and effective use of Aircraft Services time to review documents already audited by us. Also, we found no documentation that Aircraft Services had ever conducted such a review. We agree that it would not have been an efficient and effective use of time and **staff** of Aircraft Services to review the information which we audited, but we believe that the staff should perform the reviews in future years, as required by the Department’s “Handbook.”

**Office of Aircraft Services Comments.** Aircraft Services stated that it disagreed with the report’s conclusion that “without the reviews, there was little assurance that all items purchased were for valid Government purposes.” Aircraft Services also stated, “Decisions on the appropriateness of a purchase are the approving official’s responsibility.” It also stated that “the approving official has a better understanding **of the** program” and reviews and certifies each credit card statement.

**Office of Inspector General Reply.** As noted in the report, the approving officials were not always certifying the cardholders’ statements or were **certifying** statements without reviewing the supporting documentation for the purchases. However, management is responsible for establishing controls to ensure that Government funds are expended for valid

Government purposes and for conducting management control reviews to ensure that the controls are in place and followed. To fulfill this responsibility, the Department requires that an annual review of the credit card program be conducted. We believe that this review will help ensure not only that cardholders are complying with established procedures but also that the approving **officials** are properly reviewing purchases for appropriateness.

## INTERIOR SERVICE CENTER COMMENTS AND OFFICE OF INSPECTOR GENERAL REPLIES

In its September 25, 1998, response (Appendix 3), the Interior Service Center provided additional comments on our audit report. The Service Center's comments and our replies are presented in the paragraphs that follow.

**Interior Service Center Comments.** The Interior Service Center stated that, based on its review of the **draft** report, it could not determine whether it was "non-compliant with any internal controls related to bank card use per departmental regulation, or if there was a deficiency with respect to the level of our oversight provided." The Service Center **further** stated that the draft report and the debrief provided "were too broad to agree with the general statements" made in paragraph 3 in the Scope of Survey section of the report.

**Office of Inspector General Reply.** The Interior Service Center's seven cardholders included in our review accounted for 28 (15 percent) of the 192 transactions that were either not certified or were certified without sufficient supporting documentation to verify that the items purchased were for valid Government purposes and for 38 (less than 1 percent) of the 486 transactions where cardholders allowed other employees to use their card, did not maintain telephone logbooks or maintained inadequate logbooks, and split purchases. However, in addition to ensuring compliance with the purchase card procedures for its own employees, the Service Center is also responsible for ensuring that all cardholders within the **Office** of the Secretary are using the credit cards properly.

Paragraph 3 of the Scope of Survey section of our report states that the **Office** of Inspector General evaluated the Office ~~of the~~ Secretary's system of internal controls related to purchase card activities (which included the Interior Service Center) and found weaknesses in the areas of approving officials' reviews, unauthorized use of the card, split purchases, telephone order logbooks, and card security. The paragraph also states that the **Office** of Secretary did not provide adequate oversight of purchases made with the card. In our opinion, internal control weaknesses relating to the use of the purchase card are exemplified by the following: 192 (24 percent) of the 796 transactions reviewed either were not certified or were certified without **sufficient** supporting documentation to verify that the items were for valid Government purposes, and cardholders, for 486 transactions, allowed other employees to use their card, did not maintain telephone logbooks or maintained inadequate logbooks, and split purchases. In addition, our statement regarding inadequate oversight of the purchases made with the card is supported by our determination that the Office of the Secretary did not perform any of the required annual reviews of credit card transactions to ensure that the credit cards were used properly.

**Interior Service Center Comments.** The Service Center stated that it "cannot concur with the alleged weaknesses noted in the report" because "some important basic facts" about it "were not correctly reflected in the report." The Service Center **further** stated that while

the report stated that the **Office** of the Secretary had 1,440 cardholders, the Service Center is responsible for 300 purchase cards and the **Office** of Aircraft Services has fewer than 100 purchase cards. The Service Center also stated that for the period of May 1997 to May 1998, it had approximately 2,700 transactions and that if the **Office** of Aircraft Services also had 2,700 transactions, the total for both would be 5,400, which is **"still** significantly less than the 6650 transactions cited in the report." The Service Center further stated that the discrepancies cited "bring into question the validity of the 796 sample transactions which were reviewed in the survey and the 192 transactions which were **alleged** to be faulty. ..."

**Office of Inspector General Reply.** The numbers of cardholders **and** transactions cited in the Background section of the draft report were in error, and we have revised the report (page 2) to reflect the correct numbers of 3 15 cardholders and 6,452 transactions. However, this information was for background purposes **only** and did not affect the numbers of cardholders or transactions that were selected for review or the results of our review.

**Interior Service Center Comments.** The Service Center stated that of the examples of "faulty transactions provided in the report, **only** six ... were directly controlled" by the Service Center purchase card program. The Service Center **further** stated that these few examples do not support the 25 percent error rate "alleged in the report" and that all 796 sample transactions "need to be examined closely to determine which ones were, in fact, the responsibility of" the Service Center.

**Office of Inspector General Reply.** The specific transactions discussed in the report were just a few examples of the 192 transactions in which the approving officials either did not **certify** the cardholders' statements or certified the statements without obtaining vendor invoices or itemized receipts. While only 28 (15 percent) of the 192 purchases were made by Service Center personnel, the Service Center has overall responsibility for ensuring compliance with the purchase card procedures for all cardholders within the Office of the Secretary. Subsequent to our audit, we provided the Service Center with detailed results of our review, which included information on the transactions for which the Service Center was responsible.

**Interior Service Center Comments.** The Interior Service Center stated that since purchases made by cardholders within the **Office** of Inspector General "contribute a significant percentage to the total purchase card dollars" within the Service Center, it **"recommend[s]** consideration be given to including the OIG [Office of Inspector General] in **future** audits. "

**Office of Inspector General Reply.** The **Office** of Inspector General's transactions were excluded to ensure independence and objectivity. As stated in the report ( page 2), purchases made by cardholders within the **Office** of Inspector General during fiscal year 1997 were reviewed as part of the Office's internal management control review. These reviews

will be conducted periodically. Therefore, we will not include transactions of the Office of Inspector General in any subsequent audits of the Department's credit card program.

## STATUS OF SURVEY REPORT RECOMMENDATIONS

Finding/ Recommendation <u>Reference</u>	<u>Status</u>	<u>Action Rewired</u>
1, 2, 4, 5, and 6	Management concurs: additional information needed.	Provide target dates and titles of <b>officials</b> responsible for implementation.
3	Implemented.	No <b>further</b> action is required.

**ILLEGAL OR WASTEFUL ACTIVITIES  
SHOULD BE REPORTED TO  
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**Within the Continental United States**

U.S. Department of the Interior  
Office of Inspector General  
1849 C Street, N.W.  
Mail Stop 5341  
Washington, D.C. 20240

Our 24-hour  
Telephone HOTLINE  
1-800-424-508 1 or  
(202) **208-5300**

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(202) 208-2420 or  
1-800-354-0996

**Outside the Continental United States**

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U.S. Department of the Interior  
**Office** of Inspector General  
Eastern Division • Investigations  
4040 Fairfax Drive  
Suite 303  
Arlington, **Virginia** 22203

(703) 235-922 1

*North Pacific Region*

U.S. Department of the Interior  
Office of Inspector General  
North Pacific Region  
415 **Chalan** San Antonio  
Baltej Pavilion, Suite 306  
Tamuning, Guam **96911**

(671) 647-6060

Toll Free Numbers:

1-800-424-5081

**TDD** 1-800-354-0996

**FTS/Commercial** Numbers:

(202) 208-5300

**TDD** (202) 208-2420

# HOTLINE

**1849 C Street, N.W.**

Mail stop 5341

Washington, D.C. 20240

