



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

JAN 31 2017

Mr. Mark Sandy, Acting Director
Office of Management and Budget
725 17th Street, NW.
Washington, DC 20503

Subject: Progress Made by the U.S. Department of the Interior in Implementing
Government Charge Card Recommendations
Report No. 2017-FIN-016

Dear Mr. Sandy:

This letter provides the status of progress made by the U.S. Department of the Interior (DOI) in implementing previous Government charge card recommendations as of the end of fiscal year (FY) 2016.

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Act), Public Law No. 112-194, which reinforced efforts to prevent fraud, waste, and mismanagement of Governmentwide charge card programs. In addition to guidance in the Office of Management and Budget (OMB) Circular No. A-123, Appendix B, Revised, "Improving the Management of Government Charge Card Programs," and OMB Memorandum M-12-12, "Promoting Efficient Spending to Support Agency Operations," the Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase, travel, and centrally billed accounts.

The Act and OMB Memorandum M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012," require our office to conduct periodic risk assessments of agency purchase cards and convenience checks, combined integrated card programs, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments. We will use these risk assessments to determine the necessary scope, frequency, and number of audits or reviews of these programs. We are also required to report to the OMB Director 120 days after the end of each fiscal year on DOI's progress in implementing audit recommendations related to Government charge cards; starting in FY 2013, the submission has been due to OMB by January 31.

The purchase, travel, and fleet charge cards provide DOI with efficient ways for making small purchases and a low-cost means to acquire goods and services, which significantly streamlines traditional Federal procurement and payment processes; saves taxpayers millions of dollars by reducing administrative costs and providing rebates; and allows DOI to reduce administrative costs to recover State and local taxes and to collect detailed fleet management *data regarding* fuel, related maintenance, and service procurements. Figure 1 depicts DOI's volume of business-line spending using Government charge cards.

Charge Card Program	FY 2015 Business Line Spending	FY 2016 Business Line Spending
Purchase card	\$443,044,585	\$437,658,794
Travel card	152,577,162	155,277,388
Fleet card	34,295,565	28,743,600
Total	\$629,917,312	\$621,679,782

Figure 1. DOI's volume of business-line spending using Government charge cards in FYs 2015 and 2016.

We reported to OMB for FY 2015 that three recommendations stemming from two reports related to internal controls over Government purchase cards and travel cards were resolved and not implemented. During FY 2016, one of those three recommendations was implemented and closed.

During FY 2016, we completed an audit of DOI's integrated charge card program, and issued Report No. 2015-ER-011, "U.S. Department of the Interior's Internal Controls for Purchase Cards and Fleet Cards," on September 30, 2016. The report identified issues related to poor internal controls and oversight, absence of clear guidance, noncompliance with bureau-specific policies, insufficient documentation for use of convenience checks, inactive accounts, miscoded transactions being approved, and use of an outdated policy. The findings included 10 charge card related recommendations, of which only three were unimplemented at the time of report issuance and referred to DOI for tracking. Currently, two of those three recommendations remain resolved but not implemented and one remains unresolved. The attachment provides detailed information about the recommendations and status for the fiscal year that ended September 30, 2016.

For FY 2017, we initiated two Government charge card related evaluations and audits and one verification review. Specifically, in January 2017 we began an evaluation of DOI's fleet management (Report No. 2017-ER-014) to determine whether DOI is complying with appropriate rules and regulations to mitigate the risk of fraudulent fleet card activity, adequately monitoring the use of fleet cards to identify and deter fraudulent use, and using data to optimize and right-size the current fleet, including General Services Administration-leased and DOI-owned vehicles. In addition, as part of a Federal initiative managed by the Council of the Inspectors General on Integrity and Efficiency, in January 2017 we began an audit of DOI's purchase cards (Report No. 2017-ER-015) to determine whether DOI is complying with appropriate rules and regulations to mitigate the risk of fraudulent purchase card activity and is adequately monitoring the use of purchase cards to identify and deter abuse and mismanagement. The verification review being conducted includes a review of the implementation of two credit card related recommendations from the prior OIG Report No. C-EV-BLM-0003-2012, "Bureau of Land Management's Wildland Fire Program" (issued September 30, 2014).

If you have any questions about this letter or require further information, please contact me at 202-208-5745.

Sincerely,

Handwritten signature of Kimberly Elmore in black ink.

Kimberly Elmore
Assistant Inspector General
Office of Audits, Inspections, and Evaluations

cc: David Carter, DOI Charge Card Program and Policy Manager
Douglas Glenn, Director, Office of Financial Management
Debra E. Sonderman, Director, Office of Acquisition and Property Management, and
Senior Procurement Executive

Attachment

**Summary and Status of Government Charge Card Recommendations
January 2017 Reporting to OMB**

C-EV-MOA-0009-2011, “Controls Over Check-Writing” Report Date: 10/31/2012 Latest Tracking Update: 10/13/2015 Number of Recommendations: 2 Status: 2 Resolved; 1 Closed, 0 Unresolved	
1. All bureaus should evaluate their monthly reconciliation processes, considering lessons learned from the Department’s pilot program.	Resolved, but not implemented.
2. The Department should require Government charge card training for check writers and their approving officials more frequently than the current minimum of every 3 years.	Resolved, implemented, and closed.
ISD-EV-OCIO-0002-2014, “DOI’s Adoption of Cloud Computing Technologies” Report Date: 05/14/2015 Latest Tracking Update: 10/04/2016 Number of Recommendations: 2 Status: 2 Resolved; 1 Closed, 0 Unresolved	
1. Terminate or migrate all Cloud services acquired through integrated charge cards to FCHS [Foundation Cloud Hosting Services] or similar contract that incorporates best practices for procuring Cloud services recommended by Chief Acquisition and Chief Information Officer Councils.	Resolved, but not implemented.
2. Prohibit use of Government micropurchase authority (e.g., Government integrated charge cards) to acquire Cloud-computing services.	Resolved, implemented, and closed.
2015-ER-011, “U.S. Department of the Interior’s Internal Controls for Purchase Cards and Fleet Cards” Report Date: 09/30/2016 Latest Tracking Update: 10/07/2016 Number of Recommendations: 10 Status: 9 Resolved; 7 Closed, 1 Unresolved	
1. Agencies develop internal controls and increase accountability actions so that cardholders and AOs [approving officials] review statements and attach supporting documents as required by the ICCP [Integrated Charge Card Program] Policy Manual.	Resolved, but not implemented.

2. Upon completion of the OIG investigation, NPS take steps to recover the cost of any illegal, improper, or erroneous purchases associated with the Plateau Indian artifacts.	Resolved, but not implemented.
3. BIA conduct recurring management reviews of charge card transactions and clearly demonstrate actions taken when deficiencies are identified.	Unresolved.
4. Agencies establish internal controls designed to identify purchases exceeding authorized limits.	Resolved, implemented, and closed.
5. The Office of Acquisition and Property Management issue final guidance on the professional services exemption for micropurchase limits that reflects the Department of Labor regulations.	Resolved, implemented, and closed.
6. Agencies develop and implement internal control procedures needed to ensure purchase logs are properly documented, maintained and current.	Resolved, implemented, and closed.
7. Agencies instruct cardholders and AOs regarding the authorized uses of convenience checks and take appropriate actions for those who do not comply with policy.	Resolved, implemented, and closed.
8. Agencies close cardholder accounts before employees separate to prevent fraudulent use.	Resolved, implemented, and closed.
9. DOI work with its agencies to establish a departmentwide systematic review process for assigning MCC [merchant category code] restricted groups.	Resolved, implemented, and closed.
10. Agencies, in conjunction with the issuing bank, verify the accuracy of MCCs and verify that appropriate restrictions have been placed on purchase card accounts.	Resolved, implemented, and closed.