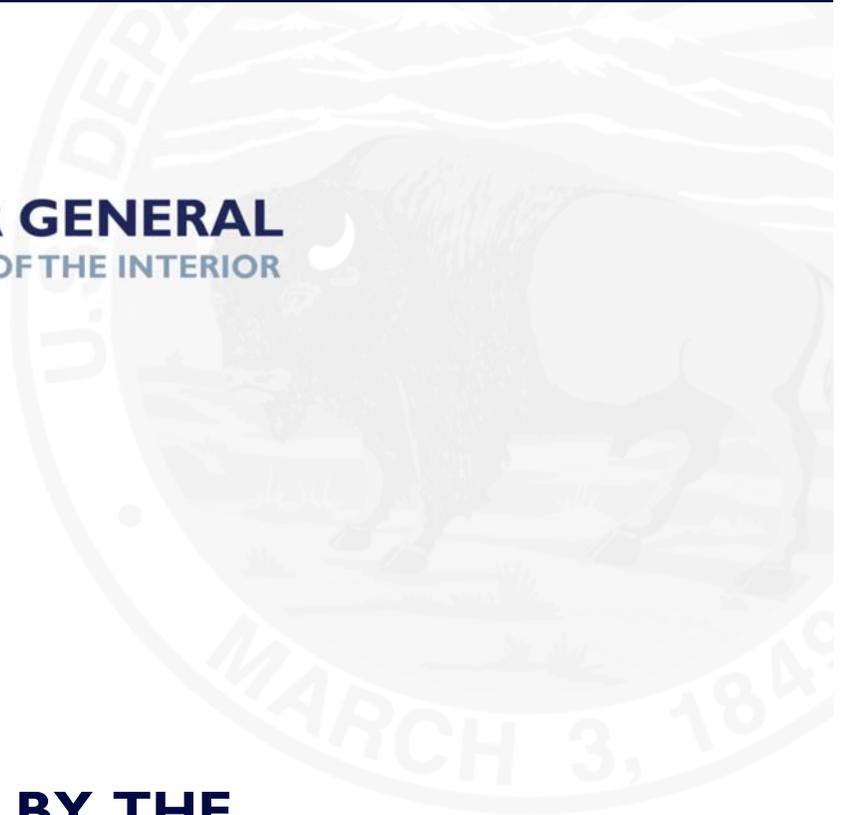




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



PROGRESS MADE BY THE U.S. DEPARTMENT OF THE INTERIOR IN IMPLEMENTING GOVERNMENT CHARGE CARD RECOMMENDATIONS



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

Mick Mulvaney, Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

JAN 30 2018

Subject: Progress Made by the U.S. Department of the Interior in Implementing
Government Charge Card Recommendations
Report No. 2018-FIN-008

Dear Mr. Mulvaney:

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) 2017, as well as other DOI-related charge card activities and OIG reviews.

The Government Charge Card Abuse Prevention Act of 2012 and Office of Management and Budget (OMB) Circular No. A-123, Appendix B, Revised, *Improving the Management of Government Charge Card Programs*, require all executive branch agencies to establish and maintain safeguards and internal controls for purchase, travel, and centrally-billed accounts. The Act, made Public Law No. 112-194 on October 5, 2012, reinforced efforts to prevent fraud, waste, and mismanagement of Governmentwide charge card programs. The OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires agency OIGs to conduct periodic risk assessments of agency purchase cards and convenience checks programs, combined integrated card programs, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments. We use these risk assessments to determine the necessary scope, frequency, and number of audits or reviews that we will perform related to this program. We are also required to report to the OMB Director 120 days after the end of each fiscal year—by January 31—on the DOI's progress in implementing our audit recommendations related to Government charge cards.

We issued three reports related to internal controls over Government purchase cards and travel cards within the past 6 years that still had recommendations outstanding in FY 2017. We reported five open recommendations to the OMB for FY 2016: four were resolved but not implemented and one remained unresolved. During FY 2017, three of those five open recommendations were implemented and closed. As of September 30, 2017, two resolved but unimplemented recommendations remained, each from a different report (see attachment).

DOI Use of Charge Cards

The DOI's integrated charge card program has three business lines: purchase, travel, and fleet. Figure 1 depicts DOI's volume of business-line spending using Government charge cards.

Charge Card Program	FY 2016 Business Line Spending	FY 2017 Business Line Spending
Purchase card	\$437,658,794	\$430,997,387
Travel card	155,277,388	161,055,435
Fleet card	28,743,600	32,699,120
Total	\$621,679,782	\$624,751,942

Figure 1. DOI's volume of business-line spending using Government charge cards in FYs 2016 and 2017.

OIG Charge Card-Related Work

We conducted a verification review in FY 2017 on two charge card-related recommendations from OIG Report No. C-EV-BLM-0003-2012, *Bureau of Land Management's Wildland Fire Program*, issued September 30, 2014. We concluded that all eight outstanding recommendations had been properly resolved, implemented, and closed.

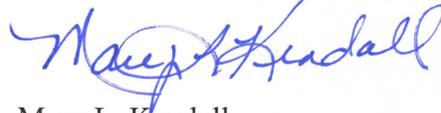
In last year's progress report, we projected that we would complete a second OIG charge card-related evaluation of DOI's fleet management (Report No. 2017-ER-014), but the scope of the project changed since our last reporting and no longer includes a charge card element. For FY 2018, we anticipate the issuance of one charge card-related report (Report No. 2017-ER-015) involving a Federal initiative managed by the Council of the Inspectors General on Integrity and Efficiency. The objective of that OIG audit is to determine whether the DOI complied with rules and regulations to mitigate the risk of fraudulent purchase charge card activity and whether it is adequately monitoring the use of charge cards to identify and deter abuse and mismanagement. There are no other planned or ongoing charge card-related audits by our office for FY 2018.

Charge Card Contractor and Process to Change

The DOI is currently in the process of selecting a new charge card contractor to replace J.P. Morgan Chase. According to a DOI procurement official, the new DOI card will no longer be one integrated card with separate business lines for purchase, fleet, and travel; instead, separate cards will be issued for each. The DOI believes that the new approach will be more cost effective since it will conform to the practice of most Federal agencies, and will, therefore, save DOI funds because it will not need to customize its program. The procurement official expects the contractor to be selected by February 2018. After February, the DOI and new contractor will begin work to meet the required November 2018 deadline for implementation of the new charge card program.

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

Sincerely,



Mary L. Kendall
Deputy Inspector General

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

Attachment

**Summary and Status of Government Charge Card Recommendations
January 2018 Reporting to the Office of Management and Budget**

C-EV-MOA-0009-2011, Controls Over Check-Writing Report Date: 10/31/2012 Latest Tracking Update: 09/20/2017 Number of Recommendations: 2 Status: 2 Resolved; 2 Closed, 0 Unresolved	
1. All bureaus should evaluate their monthly reconciliation processes, considering lessons learned from the Department's pilot program.	Resolved, implemented, and closed
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: 06/27/2017 Number of Recommendations: 10 Status: 9 Resolved; 7 Closed, 0 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 [U.S. National Park Service] take steps to recover the cost of any illegal, improper, or erroneous purchases associated with the Plateau Indian artifacts.	Resolved, implemented, and closed.
3. BIA [Bureau of Indian Affairs] conduct recurring management reviews of charge card transactions and clearly demonstrate actions taken when deficiencies are identified.	Resolved, implemented, and closed.
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.

