



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, FISCAL YEAR 2018



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

MAR 08 2019

Subject: Progress Made by the U.S. Department of the Interior in Implementing
Government Charge Card Recommendations, Fiscal Year 2018
Report No. 2019-FIN-017

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) 2018, as well as other DOI-related charge card activities and Office of Inspector General (OIG) reviews.

The Government Charge Card Abuse Prevention Act of 2012 (Public Law No. 112-194) 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 reinforced efforts to prevent fraud, waste, and mismanagement of Governmentwide charge card programs. In addition, 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 card and convenience check programs, combined integrated card programs, and travel card programs to analyze the risk 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 these programs. 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. Due to the partial Federal Government shutdown, the FY 2018 report due date was amended to March 8, 2019.

We issued three reports related to internal controls over Government purchase cards and travel cards within the past 6 years that still had open recommendations at the start of FY 2018, but all of these recommendations were closed prior to the end of FY 2018. We reported two resolved but unimplemented recommendations to the OMB for FY 2017; during FY 2018, those two recommendations were implemented and closed. As of September 30, 2018, there are no remaining open recommendations (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 the DOI's spending by business line using Government charge cards.

Charge Card Program	FY 2017 Business Line Spending	FY 2018 Business Line Spending
Purchase card	\$430,997,387	\$449,578,831
Travel card	161,055,435	161,680,737
Fleet card	32,699,120	84,146,457
Total	\$624,751,942	\$695,406,025

Figure 1. DOI business-line spending using Government charge cards in FYs 2017 and 2018.

OIG Charge Card-Related Work

We conducted two verification reviews in FY 2018:

- *Verification Review of Recommendations for the Report Titled "U.S. Department of the Interior's Internal Controls for Purchase Cards and Fleet Cards"* (Report No. 2018-ER-031), issued in May 2018 regarding a FY 2015 audit (Report No. 2015-ER-011), had charge card-related recommendations. The verification review found that all recommendations had been properly resolved, implemented, and closed.
- *Verification Review of Recommendations for the Report Titled "Controls Over Check Writing"* (Report No. 2018-ER-030), issued in May 2018 regarding a FY 2011 audit (Report No. C-EV-MOA-0009-2011), found that the two outstanding recommendations from the audit report had been resolved but only one had been implemented and recommended that Recommendation 2 be reopened for implementation and tracking. The recommendation was then reopened by the DOI and subsequently implemented and closed later in FY 2018.

In FY 2018 we had two ongoing credit card-related audits carried over from the prior year, namely (1) *Internal Controls for the U.S. Department of the Interior's Purchase Card Program Need Improvement* (Report No. 2017-ER-015), issued in draft in FY 2019 on December 4, 2018, with the final report expected in early 2019, and (2) *Improvement Needed in Internal Controls for the Use of Convenience Checks at the U.S. Department of the Interior* (Report No. 2017-ER-015-A), issued in draft in FY 2019 on December 4, 2018 with the final report expected in early 2019. In addition, at the end of FY 2018 (on September 25, 2018), we initiated an audit of the DOI's purchase cards (Report No. 2018-FIN-059) as a result of the DOI implementing the May 2018 OMB Memorandum M-18-18, which provided for a Governmentwide increase in the micropurchase authority from \$3,500 to \$10,000. We anticipate this audit to be completed and a report issued in the fourth quarter of FY 2019.

New Purchase Card Contractor and Process Beginning November 2018

The DOI has selected Citibank as the new purchase 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 the DOI funds because it will not need to customize its program. The new purchase card contract with Citibank began in November 2018.

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: Kenneth R. Casey, DOI Charge Card Program and Policy Manager
Teresa Hunter, Acting 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
March 2019 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: 09/27/2018 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: 03/05/2018 Number of Recommendations: 2 Status: 2 Resolved; 2 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, implemented, and closed.
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: 10 Resolved; 10 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, implemented, and closed.
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.

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