



At a Glance

Why We Did This Review

The Office of Inspector General (OIG) issued a report on the U.S. Environmental Protection Agency's (EPA's) purchase card program, *Ineffective Oversight of Purchase Cards Results in Inappropriate Purchases at EPA*, on March 4, 2014. The Deputy Inspector General requested that OIG's Office of Audit conduct this audit to determine whether OIG purchased items that should not have been purchased or did not comply with either EPA or OIG policies.

This report addresses the following OIG goal:

- *Be responsible stewards of taxpayers dollars.*

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The full report is at: www.epa.gov/oig/reports/2014/20141110-15-B-0014.pdf

Ineffective Oversight of Purchase Cards Resulted in Improper Purchases at EPA OIG

What We Found

The EPA OIG needs to improve and comply with internal controls for purchase cards. Our review of 48 high risk transactions found that 46 transactions had internal control weaknesses or recordkeeping issues.

Reviews of \$62,012 in OIG purchases found that \$36,488 met the definition of improper purchases.

We did not find any fraudulent or prohibited transactions. Purchases totaling \$36,488 were improper, as defined by Office of Management and Budget Circular A-123, because they were outside the cardholder's authority or should not have been made under administrative requirements. This does not mean that items purchased with the cards could not have been purchased if proper procedures were followed. Internal control weaknesses included:

- Availability of funding not verified prior to placing order.
- Approving official prior approval not obtained.
- Third party verification by other than cardholder or approving official not provided.

Internal control weaknesses occurred in part because the OIG purchase card procedure is not consistent with the EPA's Contracts Management Manual. As a result, EPA OIG purchase card holders and approvers who rely on the OIG purchase card procedure are unaware what is required to comply with EPA policies. When internal controls are not followed, it increases the risk of fraudulent, prohibited and improper purchases.

Recommendations

We recommend that the Deputy Inspector General:

1. Update the OIG purchase card procedure.
2. Issue a memorandum and meet with OIG purchase cardholders and approving officials to discuss the results of this audit.
3. Verify that OIG cardholders and approving officials completed the EPA mandatory supplemental purchase card training.
4. Appoint an OIG acquisition professional who has purchase card authority.
5. Update the procedure on firearms and law enforcement equipment.
6. Institute follow-up actions to hold individuals accountable for improper purchases identified in the audit.
7. Conduct an assessment of compliance with the revised OIG purchase card procedure 6 months after it is issued.

The OIG agreed with all of the recommendations and provided corrective actions and completion dates to address all of the draft report's recommendations.