



At a Glance

Why We Did This Review

The Government Charge Card Abuse Prevention Act of 2012 requires the Inspector General of each executive agency to conduct periodic assessments of its agency's purchase card and convenience check program. The assessments are conducted to identify and analyze risks of illegal, improper or erroneous purchases and payments. The assessments are used to determine the scope, frequency and number of audits of purchase card or convenience check transactions. The Office of Management and Budget Memorandum M-13-21 later clarified "periodic" to be at least annually.

Our objective was to assess the risk of illegal, improper and erroneous purchases made through the U.S. Environmental Protection Agency's (EPA's) purchase card and convenience check program and determine the nature, timing and extent of testing necessary.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

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Listing of [OIG reports](#).

Risk for EPA's Fiscal Year 2016 Purchase Card and Convenience Check Program Warrants an Audit

What We Found

We assessed that the risk for the EPA's purchase card and convenience check program is high enough to warrant an audit because of noncompliance with existing controls. Our risk assessment noted the following concerns:

Our assessment determined that the EPA's purchase card and convenience check program risk is high enough to warrant an audit.

- None of the 18 transactions reviewed complied with all 14 internal controls tested.
- Two of the 18 transactions, totaling \$14,985, were for fitness memberships improperly paid for in advance.
- The agency blocked high-risk Merchant Category Codes that would cause the transactions to be declined, but this internal control did not work.
- The Office of Acquisition Management did not document regular reviews of individual card holder transaction reports.
- Other instances of noncompliance, which did not affect the risk of illegal, improper and erroneous purchases but are nonetheless being reported, include the following:
 - The EPA did not review all rebate information for accuracy.
 - Rebates received by the agency were returned to the originating office from which funds were spent but not necessarily the original appropriation.
 - The agency did not have a specific policy regarding the number of purchase cards.

On November 17, 2016, the EPA sent out an email reminder to agency card holders and approving officials on recordkeeping requirements, which systems to use, and when the information is to be entered or uploaded to those systems. The email also reminded card holders of the requirement for timely cost allocation.

Because we conducted a risk assessment, we do not have recommendations. Since we found noncompliance with internal controls, a full audit will be conducted for fiscal year 2017 in lieu of a risk assessment.