



Denali Commission
Office of Inspector General
Anchorage, AK 99501

January 30, 2017

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

Dear Mr. Sandy:

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance requires each office of inspector general (OIG) to perform annual risk assessments, as well as to submit semiannual reports to the Office of Management and Budget (OMB), in coordination with its Department, of employee purchase or integrated card violations and the resulting actions taken. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB. Below is a summary of the actions we have taken during fiscal year (FY) 2016 to fulfill these requirements, as well as additional information on our related work.

The Denali Commission OIG completed an audit of the Denali Commission's government purchase card program in FY 2016. We have four unimplemented recommendations related to the purchase card program. We recommended the Commission strengthen internal control in its purchase card program by:

1. Updating internal guidance to better reflect federal requirements with regards to purchase card transactions and documentation and emphasizing the importance of following guidance when making purchases.
2. Removing access to the online purchase card management system from staff no longer employed by the Denali Commission.
3. Including a procedure during the off-boarding process to verify any access to the online purchase card management system is removed.
4. Updating the purchase card merchant category code template to reduce risk and revising the allowed merchant category codes for current cardholders.

We do not have any unimplemented or unresolved recommendations related to travel cards; therefore, we are not providing an audit recommendation status report to OMB. The Denali Commission did not meet the threshold of \$10 million in purchase card spending and, consequently, we were not required to submit semiannual reports to OMB regarding purchase card violations. Further, the Commission did not meet the threshold of \$10 million in travel card spending; therefore, we were not required to perform an audit of the travel card program.

For FY 2017, we assessed the Commission's risks related to its government purchase card program. The Denali Commission had three government purchase cards in FY 2016, which resulted in \$121,333 of purchases. Based on the relatively low volume of purchases and the audit work conducted in FY 2016, we do not plan to conduct additional reviews of the Denali Commission's use of the government purchase card in FY 2017.

For FY 2017, we also assessed the Commission's risks related to its government travel card program. The Denali Commission had 17 government travel cards in FY 2016, which resulted in \$111,876 of purchases. Although there was a relatively low volume of purchases, in an effort to provide routine oversight of administrative operations, beginning in FY 2017 we plan to conduct an audit of the Denali Commission's use of the government travel card.

If you have any questions, please contact me at (206) 220-7970.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Sheppard", with a long horizontal flourish extending to the right.

David Sheppard
Inspector General, Denali Commission