



January 25, 2018

The Honorable Mick Mulvaney
Director
c/o Stannis Smith
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Mr. Mulvaney:

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and Office of Management and Budget's (OMB's) implementing guidance require each office of inspector general (OIG) to perform periodic risk assessments of agency purchase card and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audits or reviews of the agency's travel card program. 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) 2017 to fulfill these requirements, as well as additional information on our related work.

We conducted a risk assessment of the Denali Commission's (the Commission's) purchase and travel card program to assess the risks of illegal, improper, or erroneous purchases and payments associated with the Commission's purchase and travel card program. We reviewed the annual amount of purchase and travel card spending during FY 2017, the number of cardholders, internal control processes and procedures, and the results of prior reviews and audits.

For FY 2017, the Commission reported there were two purchase cardholders with expenditures totaling \$88,183, and 14 travel cardholders with expenditures totaling \$130,330. The 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, because travel card expenditures for FY 2017 were significantly less than the \$10 million threshold, an audit of the travel card program is not required.

We completed an audit¹ of the Commission's purchase card program and issued our report in September 2016, in which we made four recommendations to strengthen internal control in the Commission's purchase card program. During FY 2017, the Commission implemented and closed the four recommendations (see enclosure). As of the end of FY 2017, the Commission has no unimplemented or unresolved recommendations related to purchase and travel cards; therefore, an audit recommendation status report to OMB is not required.

¹ Denali Commission Office of Inspector General, September 28, 2016. *Improvements Are Needed in the Denali Commission Government Purchase Card Program*, DCOIG-16-008-A. Anchorage, AK: Denali OIG.

Based on the audit work completed in FY 2017, implementation of recommendations, and relatively low volume of purchases and low number of cardholders, we concluded that the risk of illegal, improper, or erroneous purchases and payments through the Commission's purchase and travel card programs during FY 2017 was low. Nevertheless, in an effort to provide routine oversight of administrative operation, we initiated an audit of the Commission's use of government travel cards in March 2017.

Work related to that government travel card audit is still ongoing. However, we believe that additional reviews or audits of the Commission's use of the government purchase card during FY 2018 are not warranted.

If you have any questions, please contact me at (202) 482-3884.

Sincerely,

A handwritten signature in black ink that reads "Mark H. Zabarsky". The signature is written in a cursive style with a large, looped "Z" and "B".

Mark H. Zabarsky
Principal Assistant Inspector General for Audit and Evaluation
U.S. Department of Commerce
Office of Inspector General

Enclosure

Enclosure.
Status of Government Purchase Card Audit Recommendations

Card Type	Recommendation	Status
Purchase	1. We recommend that the Commission strengthen internal control in its purchase card program by updating internal guidance to better reflect federal requirements with regard to purchase card transactions and documentation and emphasizing the importance of following guidance when making purchases.	Closed
Purchase	2. We recommend that the Commission strengthen internal control in its purchase card program by removing access to the online purchase card management system from staff no longer employed by the Denali Commission.	Closed
Purchase	3. We recommend that the Commission strengthen internal control in its purchase card program by including a procedure during the off-boarding process to verify any access to the online purchase card management system is removed.	Closed
Purchase	4. We recommend that the Commission strengthen internal control in its purchase card program by updating the purchase card merchant category code template to reduce risk and revising the allowed merchant category codes for current cardholders.	Closed

Source: Denali Commission OIG Report No. DCOIG-008-A