



January 26, 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 OMB's implementing guidance require each office of inspector general (OIG) to perform annual risk assessments, as well as to submit semiannual reports to OMB, in coordination with the Department, of employee purchase or integrated card violations and the resulting actions taken. 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.

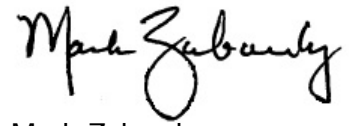
We provided information regarding known and completed reviews and investigations of fraudulent use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets for the Department's July 2017 and January 2018 reports to OMB. Currently, there are no open recommendations concerning the use of government cards and all recommendations have been resolved and implemented.

During FY 2017, OIG completed one investigation that identified the improper and illegal use of government purchase cards. The investigation determined a manager in the Office of the Chief Information Officer (OCIO) directed five OCIO employees to use purchase cards to split payments on monthly telecommunication invoices. Additionally, OIG referred a complaint to the Department's Office of Acquisition Management—which confirmed a violation involving two purchase cardholders who (a) failed to provide approved documents supporting purchases, (b) made what appeared to be a split purchase, and (c) charged one transaction for which the amount approved was less than the total of the purchase card transaction.

We also included purchase cards, travel cards, and fleet cards as components in our annual FY 2018 Department-wide risk assessment. The assessment is based on detailed analyses that identify trends and variances; the results are then aggregated and included as components of the overall risk rating for each bureau. The results of the annual risk assessment inform our audit plan for the subsequent year. In FY 2018, we will continue to incorporate the purchase card program into our annual risk assessment.

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

Sincerely,

A handwritten signature in black ink that reads "Mark Zabarsky". The signature is written in a cursive style with a large, prominent loop at the end of the last name.

Mark Zabarsky

Principal Assistant Inspector General for Audit and Evaluation