

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

The Government Charge Card Abuse Prevention Act (Charge Card Act) requires agencies to establish and maintain safeguards and internal controls for their Government purchase card programs. Additionally, the HHS OIG is required to conduct annual risk assessments of purchase card programs to analyze the risks of illegal, improper, and erroneous purchases.

Under the provisions of the Charge Card Act, we performed a risk assessment of HHS's charge card program and identified the Indian Health Service (IHS) as having a high risk of inappropriate purchase card transactions. The Charge Card Act also requires that OIG conduct a further review of agency programs that have been assessed as high risk.

Our objective was to determine whether IHS's purchase card program complied with Federal requirements and IHS's own policy.

How OIG Did This Review

We reviewed and analyzed a stratified sample of 136 purchase card transactions incurred by IHS during Federal fiscal year (FY) 2015. We also reviewed the Charge Card Act, other relevant statutes and regulations, and HHS and IHS requirements and policy regarding the proper use of purchase cards. Additionally, we reviewed the policy and procedures that IHS had in place during FY 2015 to evaluate the effectiveness of IHS's controls over its purchase card program.

The Indian Health Service's Controls Were Not Effective in Ensuring That Its Purchase Card Program Complied With Federal Requirements and Its Own Policy

What OIG Found

IHS's purchase card program did not always comply with Federal requirements and IHS's own policy. We identified 25 transactions (out of the 136 sampled transactions we tested) that were in error because they did not comply with Federal requirements and IHS's policy either for proper purchase card use or for supporting documentation. These errors occurred because IHS's controls for the administration of its purchase card program—controls that included monitoring as well as educating cardholders—were not adequate to ensure that transactions complied with Federal requirements and IHS's policy.

On the basis of our sample results, we estimate that IHS cardholders may have incurred almost \$3 million in purchase card expenditures that either constituted misuse of the purchase card or were not documented.

What OIG Recommends

We recommend that IHS strengthen controls to ensure that purchase cardholders comply with Federal requirements and IHS's own policy by adequately monitoring purchase card usage and ensuring that all IHS purchase cardholders complete the HHS-required training on the use of the purchase card.

IHS concurred with both of our recommendations and described corrective actions that it planned to implement. Specifically, in response to our first recommendation, IHS stated that it would update guidance, launch an agency-wide analytic data tool, and require all current cardholders to complete a new cardholder agreement. IHS added that it would reinforce management accountability and streamline the purchase card requisition form.

In response to our second recommendation, IHS said that it would ensure that all active IHS cardholders complete refresher training; conduct quarterly training for new cardholders; and improve the review of IHS purchase cardholder training certificates, including taking corrective action for any significant deficiencies. IHS also stated that it would work with the contractor to enhance coordination with HHS's and IHS's training systems.