

**Fiscal Year 2016
Audit of the DHS Bankcard
Program Indicates Moderate
Risk Remains**





DHS OIG HIGHLIGHTS

Fiscal Year 2016 Audit of the DHS Bankcard Program Indicates Moderate Risk Remains

March 06, 2018

Why We Did This Audit

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires the Office of Inspector General to conduct an annual risk assessment and periodic audits on agency charge card programs. We conducted this audit to determine whether the Department of Homeland Security implemented internal controls to prevent illegal, improper, and erroneous purchases and payments.

What We Recommend

We made four recommendations that, when implemented, should help improve internal controls within the United States Coast Guard's Purchase Card Program and Customs and Border Protection's (CBP) Fleet Card Program.

For Further Information:

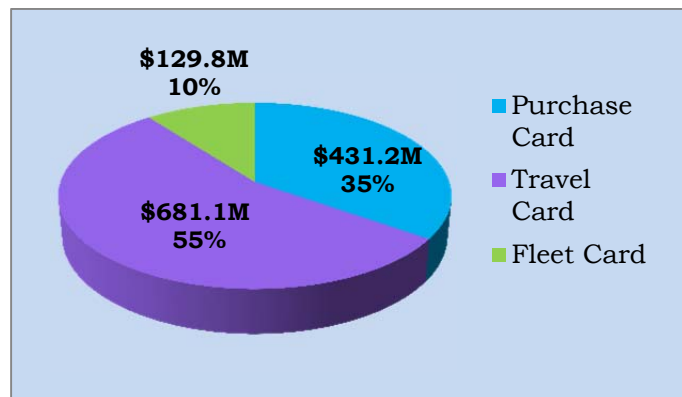
Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

During fiscal year 2016, DHS reported spending approximately \$1.2 billion in purchase, travel, and fleet card transactions.

Although the Department has established internal controls for its charge card programs, the components we reviewed did not always follow DHS' procedures. Our testing results of purchase, travel, and fleet card transactions revealed internal control weaknesses. Specifically, we found major internal control weaknesses that persisted at the United States Coast Guard and some control weaknesses within CBP's Fleet Card Program. As a result, there is moderate risk that DHS' internal controls over its charge card programs may not prevent illegal, improper, or erroneous purchases and payments.

FY 2016 DHS Spend Data by Card Type



DHS Response

The Department concurred with all four recommendations and has already begun implementing corrective actions.




OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

MAR 6 2018

MEMORANDUM FOR: The Honorable Claire M. Grady
Under Secretary for Management

FROM: John V. Kelly 
Acting Inspector General

SUBJECT: *Fiscal Year 2016 Audit of the DHS Bankcard Program
Indicates Moderate Risk Remains*

For your action is our final report, *Fiscal Year 2016 Audit of the DHS Bankcard Program Indicates Moderate Risk Remains*. We incorporated the formal comments provided by your office.

The report contains four recommendations aimed at improving DHS' Bankcard Program. Your office concurred with all four recommendations. Based on information provided in your response to the draft report, we consider all four recommendations open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact John E. McCoy II, Assistant Inspector General for Audits, at (202) 254-4100.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Background

On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act or Act), Pub. L. No. 112-194, which reinforced the Administration's efforts to prevent waste, fraud, and abuse of government-wide charge card programs. The *Charge Card Act* requires all executive branch agencies ("agencies") to establish and maintain safeguards and internal controls for purchase cards, travel cards, and centrally billed accounts.

Under the *Charge Card Act* and Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, the Inspector General (IG) of each executive agency is required to conduct periodic risk assessments of agency purchase cards (including convenience checks¹), combined integrated card programs, and travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments. IGs will use these risk assessments to determine the necessary scope, frequency, and number of IG audits or reviews of these programs. This report satisfies the periodic audit and annual risk assessment for fiscal year 2016.

The Bankcard Program, within DHS' Office of the Chief Financial Officer, administers and oversees the purchase, travel, and fleet card programs. These card programs provide the Department with an efficient method for making small purchases, as well as other numerous benefits. For example, the Purchase Card Program provides an efficient, low-cost procurement and payment mechanism to acquire goods and services, which streamlines traditional Federal procurement and payment processes. Similarly, the Travel Card Program streamlines the payment and reimbursement processes for official travel expenses by reducing administrative costs, which saves taxpayers dollars. The Travel Card Program uses two types of accounts:

- Individually Billed Accounts (IBA): Employees with individually billed cards are responsible for all charges incurred on their monthly credit card statements.
- Centrally Billed Accounts (CBA): Components establish centrally billed accounts to purchase transportation tickets for individuals who do not have an IBA.

¹ Convenience checks are checks written on a purchase card account within established dollar limits for products or services when a vendor does not accept the Government charge card.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

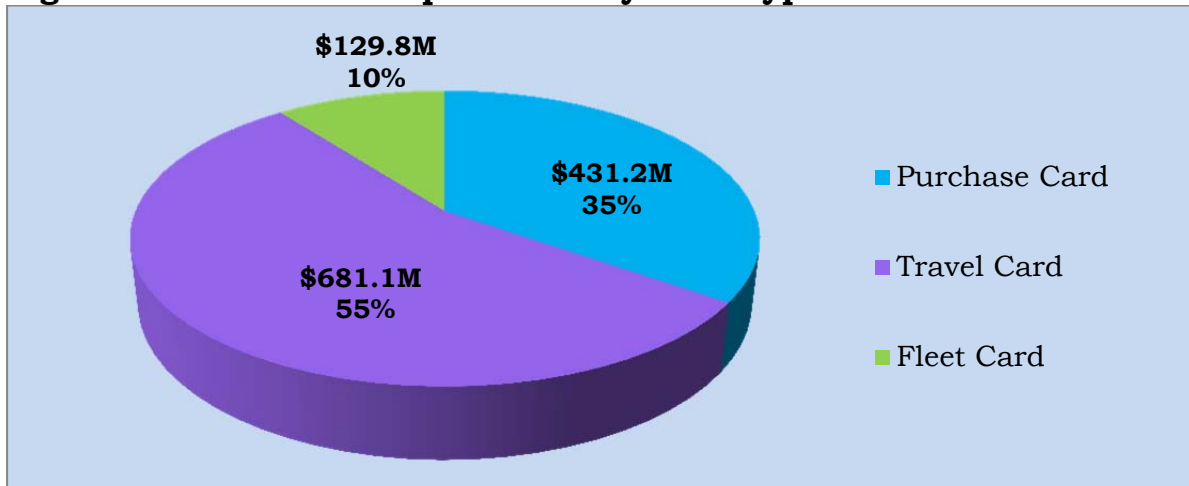
The Travel Card Program IBAs place the financial risk on the individual traveler, because the Department is not responsible for charges.

Lastly, DHS uses the Fleet Card Program² to procure fuel, as well as maintenance and repairs for DHS vehicles. The program allows DHS to collect detailed fleet management data regarding fuel, related maintenance, and service procurements.

During FY 2016, DHS reported spending approximately \$1.2 billion in purchase, travel, and fleet card transactions. Our audit reviewed the United States Coast Guard's (Coast Guard) Purchase Card Program, Transportation Security Administration's (TSA) Travel Card Program (IBA only³), and Customs and Border Protection's (CBP) Fleet Card Program. DHS reported almost 1.6 million transactions totaling approximately \$381.6 million across these three component programs.

Figure 1 shows the FY 2016 DHS spend data for each card type while figure 2 shows the component spending for each of the three card programs reviewed. Additionally, appendix B shows the breakdown of spending for all components by card type.

Figure 1: FY 2016 DHS Spend Data by Card Type



Source: DHS Office of Inspector General (OIG) analysis of *FY 2016 DHS Spend Data Report*

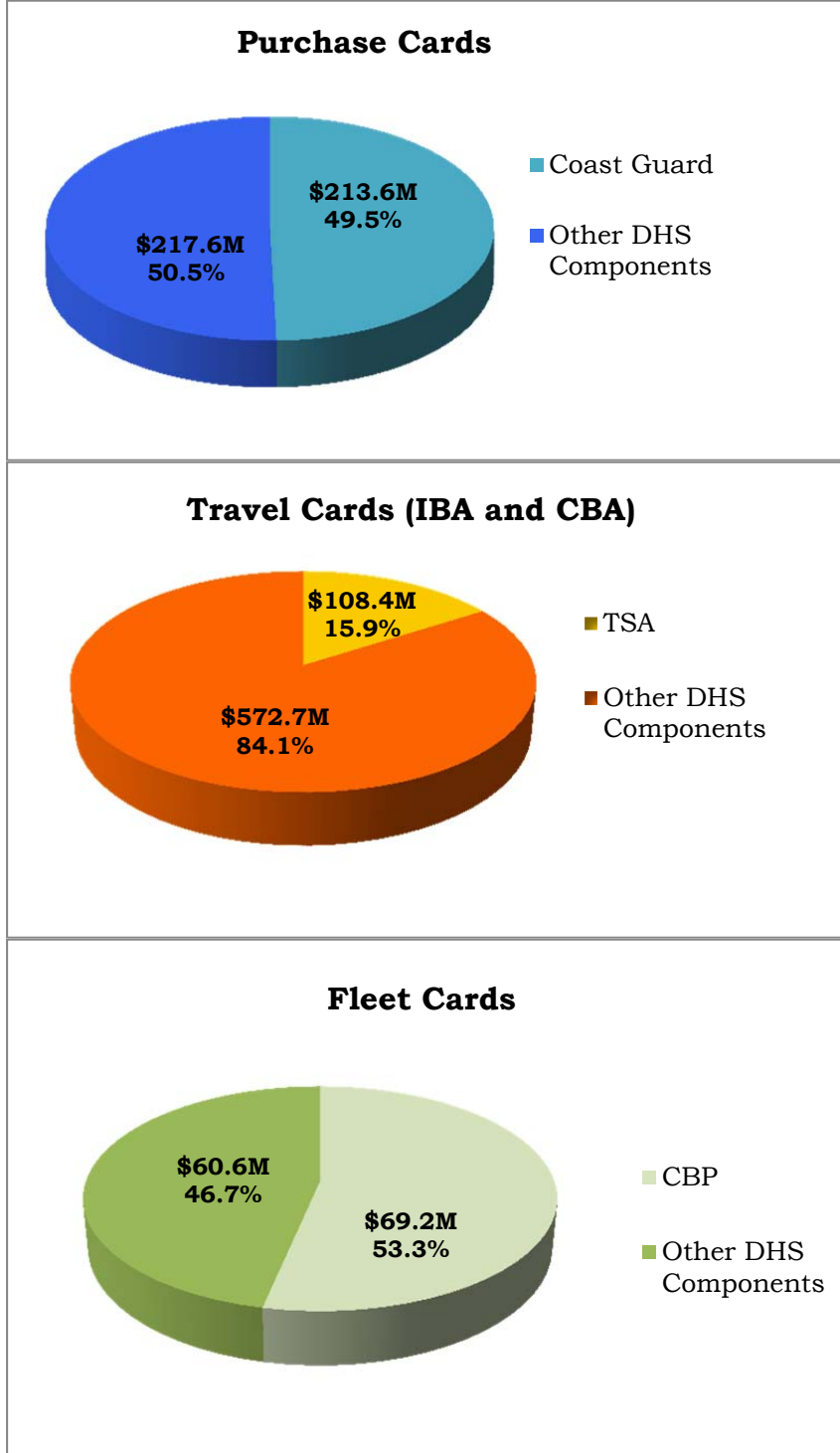
² We included a review of the Fleet Card Program as part of our audit; the *Charge Card Act* does not require a review of fleet card programs.

³ TSA IBA travel card transactions totaled approximately \$98.7 million.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Figure 2: FY 2016 Component Spending by Card Type



Source: DHS OIG analysis of FY 2016 DHS Spend Data



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Results of Audit

Although the Department has established internal controls for its charge card programs, the components we reviewed did not always follow DHS' procedures. Our testing results of purchase, travel, and fleet card transactions revealed internal control weaknesses. Specifically, we found major internal control weaknesses that persisted at the United States Coast Guard and some control weaknesses within CBP's Fleet Card Program. As a result, there is moderate risk that DHS' internal controls over its charge card programs may not prevent illegal, improper, or erroneous purchases and payments.

DHS Oversight of Component Charge Card Programs

Although DHS oversight of the Bankcard Program was generally sufficient, we identified minor deficiencies in the DHS Charge Card Management Plan. OMB Circular A-123 requires agencies to develop and maintain charge card management plans consisting of policies and procedures for the appropriate use of charge cards. The circular also identifies specific elements (i.e., identification of key management officials and management controls, policies, and practices) that agencies should include in their management plans. However, the DHS plan does not reference penalties for fraud or other charge card misuse, or the verification of travel-related common carrier requests for refunds. It also does not include internal controls to prevent an individual from being reimbursed for charges already paid by the Government.

Although the management plan will need to be updated to address these deficiencies, there is no apparent lack of oversight resulting from the missing information because these elements are covered in other bankcard program manuals.

Coast Guard Compliance with the DHS Purchase Card Manual

In FY 2016, the Coast Guard failed to comply with requirements established in the *DHS Purchase Card Manual* as noted in prior OIG reports.⁴ Similar to prior reviews, we identified internal control weaknesses. We reviewed purchase card transactions to determine whether the charges agreed with the supporting documentation, and whether cardholders received proper approvals prior to the date of the purchase. We also reviewed the transactions for compliance with

⁴ *Fiscal Year 2015 Assessment of the DHS Bank Card Program Indicates Moderate Risk* (OIG-16-129); *Fiscal Year 2014 Assessment of DHS Charge Card Program Indicates Moderate Risk Remains* (OIG-15-117)



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

the Coast Guard's policy⁵ on separation of duties, which requires that no one individual will control more than one key aspect of a transaction (i.e., making purchases, authorizing purchases, certifying funds, and third-party acceptance). According to the policy, circumstances that do not allow for separation of duties, such as a small procurement office where the approving official also acts as the funds manager, require a waiver that Coast Guard's purchase card program manager must approve.

We tested a statistical sample of 384 purchase card transactions valued at \$212,669. Of those transactions, we identified 141 (approximately 37 percent) that did not comply with DHS and Coast Guard policies and procedures. Specifically, we noted⁶:

- 37 instances in which the cardholder did not obtain approval for the transaction, obtained approval after the transaction, or could not provide evidence of approval;
- 95 instances in which the transaction did not comply with DHS and Coast Guard policies related to separation of duties; and
- 45 instances of incomplete, inaccurate, or inconsistent supporting documentation.

Without proper approvals and sufficient documentation, the Coast Guard cannot ensure purchases are allowable and that adequate funding is available. Additionally, the Coast Guard's lack of separation of duties reduces the effectiveness of checks and balances. DHS and Coast Guard cited personnel issues, such as limited staffing, which contributed to the lack of separation of duties. Management also identified the high turnover rate at the cardholder level due to staff rotations as a contributing factor to the control deficiencies. This directly affects the knowledge and experience levels that impact compliance with policies and procedures. They also cited that personnel did not understand the required purchase card request forms and accompanying instructions.

As previously stated, our transaction testing identified that 37 percent of all Coast Guard purchase card charges did not comply with DHS policies and procedures. As a result, Coast Guard's Purchase Card Program is at a high risk for illegal, improper, or erroneous charges associated with approximately \$214

⁵ United States Coast Guard Head of Contracting Activity Governance Memorandum, "Purchases Using Simplified Acquisition Procedures," HCA-GM 13.0-0

⁶ The total number of deficiencies is 177, which accounts for 141 transactions as several transactions had more than one deficiency.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

million spent in FY 2016. When we presented these findings to DHS bankcard program officials, they were already aware of the internal control issues and were working with Coast Guard personnel to address them.

In addition to the statistical sample, we judgmentally selected 45 transactions to review for specific areas of potential risk. We tested 10 transactions that appeared to be potential split purchases,⁷ 15 transactions with travel-related merchant category codes, and 20 transactions with mandatorily-blocked merchant category codes as outlined in the purchase card manual. Of those transactions, we identified one transaction made with the purchase card that violated purchase card requirements. This transaction should have been made with a travel card because it was for official Government travel-related purposes.

CBP Compliance with the DHS Fleet Card Manual

During our review of CBP's Fleet Card Program to determine compliance with the *DHS Fleet Card Manual*, we identified some internal control deficiencies. We tested fleet card transactions to determine whether the charges were properly supported, agreed with receipts and invoices, and were approved, when required, prior to the date of purchase.

During testing of a statistical sample of 384 transactions totaling approximately \$42,579, we identified the following deficiencies:

- Eight instances in which the cardholder either did not obtain approval for the transaction, obtained approval after the transaction, or could not provide evidence of approval; and
- Twelve instances in which the supporting documentation was either incomplete, inaccurate, or inconsistent.

Our transaction testing shows about 5 percent of CBP's fleet card charges did not comply with DHS policies and procedures. As a result, CBP's Fleet Card Program is at a relatively low risk for illegal, improper, or erroneous charges associated with approximately \$69 million spent in FY 2016.

In addition to our statistical sample, we reviewed a judgmental sample of 84 transactions that appeared to be split purchases to avoid additional levels of

⁷ As stated in the fleet card manual, splitting (dividing) purchases is an illegal tactic to get around the single purchase limit of \$2,500. Purchases cannot be reduced into smaller parts to avoid formal contracting procedures. Splitting purchases merely to stay within the single purchase limit is a violation of the Federal Acquisition Regulation.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

approval; transactions with questionable merchant category codes; and transactions that occurred repeatedly with low dollar thresholds or with the same merchant over a short period of time.

Of those transactions, we identified the following deficiencies:

- Three transactions for goods and services were not authorized in the fleet card manual.
- Six transactions with incomplete supporting documentation; and we could not determine if the purchases were allowable.
- Two transactions we deemed as split purchases to avoid additional approval levels.
- Two instances of erroneous charges that CBP did not detect until we identified them as part of this audit several months after the transaction dates.

The deficiencies identified in subsequent test work present areas of concern related to the timely identification and resolution of improper and erroneous charges. This indicates that CBP does not conduct the required monthly verification of all fleet charges. Such verification would result in the timely detection of improper and erroneous transactions and mitigate CBP's risk that these transactions will not be resolved. As a result, we issued a recommendation to ensure the monthly verifications are conducted. However, based on our assessment, the risk level remains low.

TSA Compliance with the DHS Travel Card Manual

TSA generally complied with requirements established in the *DHS Travel Card Manual*. We did not identify any significant issues during testing of TSA's Travel Card Program. Based upon requirements outlined in the manual, our travel card transaction testing consisted of, but was not limited to, verifying the following:

- transactions were performed during official travel;
- transaction charges agreed with the receipts;
- travel cards were not used for high dollar amounts other than airfare, lodging, or rental car; and



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

- travel vouchers were submitted within the required 5 working days of the last day of travel.

We conducted testing of a statistical sample of 386 transactions valued at \$61,373. Of those transactions, we identified 17 travel vouchers (about 4 percent) that did not comply with the *DHS Travel Card Manual* requirement to submit travel vouchers within 5 business days of the last day of travel. These results appear to be random occurrences with no considerable negative impact and provide no indication that controls over TSA’s Travel Card program are not adequate. Therefore, we are not making any recommendations since TSA’s Travel Card Program has a low risk for illegal, improper, or erroneous charges related to approximately \$98.7 million spent in FY 2016 through the individually billed travel card accounts.

Conclusion

The Department remains at an overall moderate risk level for its bankcard program. Components we tested did not always comply with DHS policies and procedures across the various charge card programs. As such, our audit revealed internal control weaknesses. As a result, there is moderate risk that DHS’ internal controls over its charge card programs may not prevent illegal, improper, or erroneous purchases and payments.

Table 1 shows the risk levels assigned to each of the three component card programs reviewed during this audit.

Table 1: Component Charge Card Program Risk Levels

Component Card Program	Risk Level
Coast Guard Purchase Card Program	High
CBP Fleet Card Program	Low
TSA Travel Card Program	Low
Overall Risk Level	Moderate

Source: DHS OIG analysis of transactional testing results

Recommendations

Recommendation 1: We recommend that the Assistant Director for Bankcard and Review, DHS Office of the Chief Financial Officer, implement a tier system



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

of violations for approving officials within Coast Guard's Purchase Card Program.

Recommendation 2: We recommend that the Assistant Director for Bankcard and Review, DHS Office of the Chief Financial Officer, allow Coast Guard to update its version of the Purchase Card Transaction Worksheet and accompanying instructions to be more intuitive for the cardholder.

Recommendation 3: We recommend that the Assistant Director for Bankcard and Review, DHS Office of the Chief Financial Officer, require the Coast Guard to enhance the training for the Purchase Card Program by providing more frequent, relevant training courses geared toward the Coast Guard mission.

Recommendation 4: We recommend that the Assistant Director for Bankcard and Review, DHS Office of the Chief Financial Officer, ensure that CBP fleet card holders are performing the required monthly verification of charges.

Management Comments and OIG Analysis

The Department concurs with all recommendations. In its response to the draft report, DHS indicates that it makes every effort to ensure that all spending placed on government-issued charge cards is appropriate and driven by requirements related to fulfilling its mission. The Department also stated that the OIG did not find any evidence of illegal, improper, or erroneous purchases or payments during this audit. However, as noted in our report, we found major internal control weaknesses that persisted at the United States Coast Guard and some control weaknesses within CBP's Fleet Card Program. These internal control weaknesses included transactions that were erroneous, not properly authorized, or not sufficiently supported.

A summary of the response and our analysis follows. We have included a copy of DHS' response in its entirety in appendix A. DHS also provided technical comments to the draft report. Where appropriate, we incorporated the technical comments into this final report.

Recommendation 1: Concur. The DHS Office of Chief Financial Officer's (OCFO) Bankcard and Review Branch will develop a tiered system of violations for approving officials that will apply Department-wide. Once the new requirements are finalized, DHS OCFO will require components to implement and enforce the new guidance within 60 days of notification. Estimated completion date (ECD): May 31, 2018.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

OIG Analysis: DHS' proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until DHS provides the newly developed tiered system of violations for approving officials.

Recommendation 2: Concur. The DHS OCFO Bankcard and Review Branch authorized the Coast Guard to update its version of the Purchase Card Transaction Worksheet and accompanying instructions to be more intuitive and user-friendly. ECD: May 31, 2018.

OIG Analysis: DHS' proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until DHS provides approved revised Purchase Card Transaction Worksheet and accompanying instructions.

Recommendation 3: Concur. The DHS OCFO Bankcard and Review Branch directed the Coast Guard to develop more enhanced training for its Purchase Card Program, and the Coast Guard will partner with DHS to strengthen training requirements. ECD: May 31, 2018.

OIG Analysis: DHS' proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until DHS provides evidence of the enhanced training requirements.

Recommendation 4: Concur. The DHS OCFO Bankcard and Review Branch will issue a revised fleet card policy to update the review and approval process. DHS will also modify the post payment audit process to ensure CBP is performing the required monthly verification of charges. ECD: May 31, 2018.

OIG Analysis: DHS' proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until DHS provides the revised fleet card policy and updated guidance on the post payment audit process.

Objective, Scope, and Methodology

The DHS OIG was established by the *Homeland Security Act of 2002*, Pub. L. No. 107-296, which amended the *Inspector General Act of 1978*.

The *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, requires all executive branch agencies ("agencies") to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

We conducted this audit to determine whether DHS' bankcard program, including travel, purchase, and fleet cards, has internal controls to prevent illegal, improper, and erroneous purchases and payments. We also assessed the level of risk associated with the internal controls implemented by the DHS Office of the Chief Financial Officer (OCFO).

To assess internal controls in place for the three charge card programs, we conducted interviews with OCFO personnel responsible for implementing and monitoring the charge card programs. We also interviewed component officials responsible for the Coast Guard's Purchase Card Program, CBP's Fleet Card Program, and TSA's Travel Card Program. We reviewed the OCFO's department-level policies and operational procedures for the charge card program as well as any applicable documents and reports, such as OCFO component health assessments, to assist us in answering our objective. Additionally, we reviewed component policies and procedures related to their respective charge card programs.

To assess whether the bankcard program is operating efficiently and in compliance with laws and regulations and to determine whether internal controls are effective in detecting misuse, fraud, waste, or abuse, we conducted testing of transactions from the three charge card programs. According to the *2016 DHS Spend Total Report*, the value of all transactions for the purchase card, fleet, and travel card programs totaled \$1.2 billion. The Coast Guard purchase card transactions totaled approximately \$213.6 million (representing approximately 49.5 percent of all DHS purchase card transactions); CBP fleet card transactions totaled approximately \$69.2 million (representing approximately 53.3 percent of all DHS fleet card transactions); and TSA travel card (CBA and IBA combined) transactions totaled \$108.4 million (representing approximately 15.9 percent of all DHS travel card transactions). Appendix B shows the breakdown of spending by each of the DHS components across the three charge card programs. We validated the spending totals in the *DHS Spend Total Report* against detailed data obtained from the card issuer's system to ensure completeness. We also compared the detailed data obtained from the card issuer's system to transaction details in DHS' payment network system to ensure accuracy. As a result, we concluded that the spending data was sufficiently reliable for meeting our audit objective and supporting our audit findings.

For our statistical testing, we obtained detailed lists of all Coast Guard purchase, CBP fleet, and TSA travel card transactions (combined total of approximately 1.6 million transactions) for the fiscal year. We then selected a statistical sample using a 95 percent confidence level and 5 percent error rate based on the total population for each of the three card programs. This



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

resulted in a review of three samples with a combined total of 1,154 transactions. We tested these samples for compliance with DHS and component policies and procedures.

In addition to the statistical testing, we identified and reviewed several Coast Guard purchase and CBP fleet card transactions based on specific areas of potential risk. Specifically, we used Visa IntelliLink to generate transaction reports that fall within our potential areas of risk. These transactions appeared to be potentially split purchases; had blocked, questionable, or travel-related merchant category codes; and occurred repeatedly with low dollar thresholds or with the same merchant.

We conducted this performance audit between October 2016 and August 2017 pursuant to the *Inspector General Act of 1978, as amended*, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix A
DHS Comments to the Draft Report



U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

January 26, 2018

MEMORANDUM FOR: John V. Kelly
Acting Inspector General

FROM:  Jim H. Crumpacker, CIA, CFE 
Director
Departmental GAO-OIG Liaison Office

SUBJECT: Management's Response to Draft Report, "Fiscal Year 2016 Audit of DHS Bankcard Program Indicates Moderate Risk Remains" (Project No. 16-087-AUD-DHS)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the Office of Inspector General's (OIG) work in planning and conducting its review and issuing this report.

The DHS Chief Financial Officer is pleased to note OIG's positive recognition that the Department has established internal controls for its Bankcard Program and that DHS oversight of the program was generally sufficient. DHS also notes that OIG did not find any evidence of illegal, improper, or erroneous purchases or payments during this audit. DHS makes every effort to ensure that all spending placed on government-issued charge cards is appropriate and only driven by requirements related to fulfilling the Department's vital mission to ensure a homeland that is safe, secure, and resilient against terrorism and other hazards.

DHS takes a proactive approach to preventing government charge card waste, fraud, and abuse. For example, DHS oversees the Bankcard program using VISA IntelliLink, technology that helps identify potential unauthorized use of the Department's charge cards. Using this technology, the Department conducts monthly audits to ensure that charge card transactions were appropriate, reasonable, and compliant with Departmental policy.

In addition, for every Purchase and Fleet Card transaction, a federal employee conducts a review of that transaction, and another person separately approves it. This "review and approve" function is a key control the Department uses in its effort to monitor these two programs. The Department also closely tracks delinquent travel card accounts, using monthly reports which are distributed to Components for follow-up attention.

The draft report contained four recommendations with which the Department concurs. Attached find our detailed response to each recommendation. Technical comments were previously provided under separate cover.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Again, thank you for the opportunity to comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Attachment



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Attachment: DHS Management Response to Recommendations Contained in 16-087-AUD-DHS

OIG recommended that the Assistant Director for Bankcard and Review, DHS Office of the Chief Financial Officer (OCFO):

Recommendation 1: Implement a tier system of violations for approving officials within Coast Guard's Purchase Card Program.

Response: Concur. The DHS OCFO Bankcard and Review Branch will develop a tiered system of violations for approving officials that will apply Department-wide. Once the new requirements are finalized, the DHS OCFO will require Components to implement and enforce the new guidance within 60 days of notification. ECD: May 31, 2018.

Recommendation 2: Allow Coast Guard to update its version of the Purchase Card Transaction Worksheet and accompanying instructions to be more intuitive for the cardholder.

Response: Concur. On September 6, 2017, the DHS OCFO Bankcard and Review Branch provided authorization for the U.S. Coast Guard to update its version of the Purchase Card Transaction Worksheet and accompany instructions to be more intuitive and user friendly. The additional guidance and instructions that will assist cardholders in areas where this audit identified shortcomings. ECD: May 31, 2018.

Recommendation 3: Require the Coast Guard to enhance the training for the Purchase Card Program by providing more frequent, relevant training courses geared toward the Coast Guard mission.

Response: Concur. On September 6, 2017, the DHS OCFO Bankcard and Review Branch directed the U.S. Coast Guard to develop more enhanced training for its Purchase Card Program. The U.S. Coast Guard will partner with the DHS OCFO through the DHS Office of the Chief Procurement Officer to strengthen training requirements. The U.S. Coast Guard will require this training in addition to the Department's bi-annual training requirement. To the greatest extent possible, the U.S. Coast Guard will conduct this training in a classroom setting. ECD: May 31, 2018.

Recommendation 4: Ensure that Customs and Border Protection (CBP) fleet card holders are performing the required monthly verification of charges.

Response: Concur. The DHS OCFO's Bankcard and Review Branch will issue revised Fleet Card policy with updated guidance on the "review and approve" process. In addition, we will modify the Post Payment Audit process to ensure that CBP is performing the required monthly verification of charges. ECD: May 31, 2018.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B
FY 2016 Component Spend Data by Card Type

Component	Purchase	Travel	Fleet
Domestic Nuclear Detection Office	\$ 117,184	\$ 753,876	N/A
Federal Law Enforcement Training Center	\$ 3,823,778	\$ 2,073,679	\$ 736,205
Headquarters	\$ 2,938,253	\$ 2,573,095	\$ 30,195
Office of Intelligence and Analysis	\$ 802,925	\$ 1,798,388	N/A
Immigration and Customs Enforcement	\$ 31,029,709	\$ 85,011,817	\$ 34,990,421
United States Secret Service	\$ 12,626,807	\$ 79,521,297	\$ 10,125,887
Office of Health Affairs	\$ 188,786	\$ 319,531	N/A
Federal Emergency Management Agency	\$ 9,358,343	\$ 162,531,088	\$ 2,194,186
National Protection and Programs Directorate	\$ 3,811,956	\$ 13,016,443	\$ 212,109
Transportation Security Administration	\$ 41,239,798	\$ 108,384,368	\$ 1,507,939
U.S. Citizenship and Immigration Services	\$ 16,992,654	\$ 26,930,758	\$ 186,485
Science and Technology Directorate	\$ 1,883,173	\$ 2,206,771	\$ 8,798
Office of Biometric Identity Management	\$ 87,454	N/A	N/A
Customs and Border Protection	\$ 92,573,096	\$ 106,195,061	\$ 69,239,047
Operations Directorate	\$ 137,054	\$ 117,601	N/A
United States Coast Guard	\$ 213,602,882	\$ 89,632,828	\$ 10,564,339
Total	\$ 431,213,852	\$ 681,066,601	\$ 129,795,611

Source: DHS OIG compilation of DHS FY 2016 Spend Data



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix C
Office of Audits Major Contributors to This Report

Sandra John, Director
Kendra Loper, Audit Manager
Elizabeth Kelleher, Program Analyst
Victor Leung, Program Analyst
Garrick Greer, Auditor
Shawn Cosman, Auditor
Sonja Capitani, Auditor
Thomas Hamlin, Communications Analyst
Kevin Dolloson, Communications Analyst
Megan McNulty, Independent Referencer



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix D
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs

U.S. Customs and Border Protection

Commissioner
CBP Audit Liaison

Transportation Security Administration

Administrator
TSA Audit Liaison

U.S. Coast Guard

Commandant
USCG Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

Additional Information and Copies

To view this and any of our other reports, please visit our website at:
www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General
Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov.
Follow us on Twitter at: @dhsoig.



OIG Hotline

To report fraud, waste, or abuse, visit our website at www.oig.dhs.gov and click on the red "Hotline" tab. If you cannot access our website, call our hotline at (800) 323-8603, fax our hotline at (202) 254-4297, or write to us at:

Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305