



Office of Inspector General U.S. Environmental Protection Agency **At a Glance**

21-P-0242
September 22, 2021

Why We Did This Audit

We conducted this audit to determine whether the U.S. Environmental Protection Agency's internal controls over its purchase card and convenience check program are adequate to prevent and detect illegal, improper, and erroneous purchases and payments.

The Government Purchase Card Abuse Prevention Act of 2012 requires that inspectors general conduct periodic assessments of their agencies' purchase card programs. In response to our 2018 audit (Report No. [18-P-0232](#)), the EPA implemented new internal controls over its purchase card and convenience check program. However, during our 2019 risk assessment (Report No. [20-P-0006](#)), we found that the EPA's transition to a new purchase card contract adversely affected these newly implemented internal controls, and we determined that we should conduct an audit in 2020.

This audit supports an EPA mission-related effort:

- *Operating efficiently and effectively.*

This audit addresses a top EPA management challenge:

- *Complying with key internal control requirements (data quality).*

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EPA Needs to Strengthen Its Purchase Card Approval Process

What We Found

Since our 2018 audit and 2019 risk assessment, the EPA has made several improvements to its purchase card and convenience check program to detect illegal, improper, or erroneous purchases. However, the Agency's internal controls are still not adequate to prevent and detect erroneous purchases.

The Agency needs to improve oversight of its approximately \$25 million in annual purchase card and convenience check expenses to be better stewards of taxpayer dollars.

The *EPA Acquisition Guide* and the Agency's purchase card standard operating procedures establish policy and procedures for using purchase cards and convenience checks. For example, the *EPA Acquisition Guide* states that the approving official is responsible for determining whether transactions are reasonable and necessary. Of the 25 purchase card and convenience check transactions we analyzed, only two (8 percent) fully complied with the policies and procedures we reviewed. Conversely, 23 transactions (92 percent) had at least one instance of noncompliance. We found that cardholders made and approving officials approved improper purchases and that the EPA's purchase card team did not monitor purchases to ensure timely processing and approval, as required by EPA procedures. We determined that \$5,493.97 (5 percent) of the \$119,618.66 purchase card and convenience check expenses we reviewed were unallowable.

These issues occurred for three reasons. First, cardholders and approving officials lacked knowledge of relevant purchase card policies. Second, cardholders and approving officials underutilized CitiManager's capabilities to document and monitor purchases because they did not believe that the system was user-friendly or that they received adequate training. Third, the purchase card team did not use CitiManager's full capabilities to adequately monitor purchases. As a result, the Agency continues to be at risk of making improper or erroneous purchases, which may result in the misuse or waste of taxpayer funds.

Recommendations and Planned Agency Corrective Actions

We recommend that the assistant administrator for Mission Support train cardholders and approving officials on purchase card and convenience check requirements; provide training on the use of CitiManager; require that staff use CitiManager to maintain approvals and documentation; and require the purchase card team to use CitiManager's oversight capabilities.

The EPA agreed with our four recommendations and provided acceptable corrective actions or alternative corrective action plans. All recommendations are resolved with corrective actions pending.