



FOREST SERVICE PURCHASE CARDS

Internal Control Weaknesses Resulted in Instances of Improper, Wasteful, and Questionable Purchases

Highlights of [GAO-03-786](#), a report to the Honorable Charles Grassley, Chairman, Senate Committee on Finance, and the Honorable Janice Schakowsky, House of Representatives

Why GAO Did This Study

Since 1999, GAO has designated Forest Service's financial management as a high-risk area because of internal control and accounting weaknesses that have been identified by the Inspector General and GAO. Given these known risks and the hundreds of millions of dollars in credit card purchases made by the agency each year, GAO was asked to review the Forest Service's fiscal year 2001 purchase card transactions to determine whether (1) existing internal controls were designed to provide reasonable assurance that improper purchases would be prevented or detected, (2) purchases were made in accordance with established policies and procedures, and (3) purchases were made for a reasonable cost and reflected a legitimate government need.

What GAO Recommends

GAO is making a number of recommendations to strengthen the Forest Service's internal controls and compliance in its purchase card program, decrease wasteful purchases, and improve accountability for assets. In responding to our draft report, the Forest Service did not specifically discuss GAO's recommendations, but it outlined actions taken or planned to strengthen management of the purchase card program. However, the actions outlined will not address many of the weaknesses identified in the report that GAO's recommendations are intended to address.

www.gao.gov/cgi-bin/getrpt?GAO-03-786.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Linda Calbom at (202) 512-9508 or calboml@gao.gov.

What GAO Found

Internal control weaknesses in the Forest Service's purchase card program leave the agency vulnerable to, and in some cases, resulted in, improper, wasteful, and questionable purchases. These weaknesses included inadequate segregation of duties over purchases, supervisory review and approval of purchases, monitoring activities, and control over property used in Forest Service activities. For example, GAO found instances where items highly susceptible to theft, such as all terrain vehicles, digital cameras, and snowmobiles, were purchased and retained by cardholders, but no records of the items were created in Forest Service systems.

These weaknesses likely contributed to approximately \$2.7 million in improper, wasteful, and questionable purchases identified in our review. GAO identified purchases that totaled over \$1.6 million that were improper because they violated law, regulation, or agency policy. These included purchases that had been split into two or more segments to avoid the cardholder's single purchase limit, purchases that had been paid for twice, purchases that exceeded single transaction limits, purchases for which required approvals were not obtained, purchases of unauthorized items, transactions on accounts of former employees, and instances where cardholders wrote convenience checks to themselves.

GAO also found purchases totaling \$212,104 that it considered wasteful because they were excessive in cost relative to available alternatives or were for a questionable government need. Further, GAO found purchases totaling \$869,825 that it considered to be questionable because the Forest Service either could not provide supporting documentation for them, or supporting documentation was incomplete or incorrect and GAO was unable to determine whether the purchases were proper. Some examples of these are shown in the table below.

Examples of Wasteful and Questionable Purchases

Item descriptions	Examples of vendors	Amount
Cancellation fees	Doubletree Hotel, and Rain Country Bed & Breakfast	\$34,950
Specialty costumes and a decorative tent	Carol Flemming Costume Design Studio, and Evelyn Roth Festival Arts	16,050
Awards and gifts	Warner Bros., Eddie Bauer, and Mori Luggage and Gifts	14,134
Casinos, party items	Have Party Will Travel, Party Time, and Tribal Bingo Casino	10,414
DVD player for fitness room, TV/VCR combination in vehicles, and billiard table for a bunkhouse	Ultimate Electronics, Best Buy, and Quality Billiards	5,089
Aquarium for regional office	Hair of the Dog	2,929

Source: GAO's analysis of Forest Service purchase card transactions selected for fiscal year 2001.