

*Risk Assessment*

Fiscal Year 2018 Risk Assessment of  
the Social Security Administration's  
Charge Card Programs



## MEMORANDUM

Date: January 24, 2019

Refer To:

To: The Commissioner

From: Deputy Inspector General

Subject: Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-18-50547)

The attached final report presents the results of the Office of Audit's review. The objective was to analyze the risk of illegal, improper, and erroneous purchases made through the Social Security Administration's charge card programs.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, at 410-965-9700.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

# Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs

## A-13-18-50547



January 2019

Office of Audit Report Summary

### Objective

To analyze the risk of illegal, improper, and erroneous purchases made through the Social Security Administration's (SSA) charge card programs.

### Background

The *Government Charge Card Abuse Prevention Act of 2012* (Act) reinforces efforts to prevent waste, fraud, and abuse in Government-wide charge card programs. The Act requires that all executive branch agencies implement safeguards and internal controls for purchase, travel, and integrated cards as well as centrally billed accounts (CBA). The Act tasks Inspectors General with, among other things, conducting periodic risk assessments of agencies' purchase card or convenience check programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments. Similarly, the Act requires that Inspectors General of executive agencies that have more than \$10 million in travel card spending periodically audit or review travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments.

### Conclusions

This report addresses the requirement that we complete a risk assessment of SSA's charge card programs. SSA has purchase and travel card programs and uses CBAs for travel. In Fiscal Year (FY) 2018, SSA reported about \$53.2 million in purchase card expenses and \$11.5 million in travel card expenses. In October 2018, there were 2,680 active purchase cardholders and 15,306 active travel cardholders and CBAs. SSA did not use convenience checks or integrated charge cards, so our risk assessment only addressed purchase cards, travel cards, and CBAs.

SSA had policies and procedures in place to address the requirements identified in the Act regarding management of its purchase and travel card programs. Further, SSA had internal controls to assist in oversight of its charge card programs beyond those required in the Act.

In February 2018, we issued a report on SSA's FY 2017 purchase card transactions as prescribed for the Government-wide Council of the Inspectors General on Integrity and Efficiency Purchase Card Project. Based on our prior findings and the FY 2018 data we reviewed, we believe the risk associated with SSA's use of purchase cards is low.

In May 2015, we issued a report on SSA's FY 2013 travel card program. Based on our prior findings and the FY 2018 data we reviewed, we believe the risk associated with SSA's use of travel cards and CBAs is low.

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## **ABBREVIATIONS**

Act	<i>Government Charge Card Abuse Prevention Act of 2012</i>
CBA	Centrally Billed Account
CIGIE	Council of the Inspectors General on Integrity and Efficiency
FY	Fiscal Year
OAG	Office of Acquisition and Grants
OIG	Office of the Inspector General
OMB	Office of Management and Budget
SSA	Social Security Administration

## OBJECTIVE

Our objective was to analyze the risk of illegal, improper, and erroneous purchases made through the Social Security Administration's (SSA) charge card programs.

## BACKGROUND

The *Government Charge Card Abuse Prevention Act of 2012* (Act) requires that all executive branch agencies implement safeguards and internal controls for purchase, travel, and integrated cards as well as centrally billed accounts (CBA).<sup>1</sup> The Act also requires that the Director of the Office of Management and Budget (OMB) review existing guidance and, as necessary, prescribe additional guidance governing the implementation of the requirements set forth in the Act and establish additional agency reporting and audit requirements.<sup>2</sup>

The Act tasks Inspectors General with, among other things,

- conducting periodic risk assessments of agencies' purchase card or convenience check programs;<sup>3</sup>
- identifying and analyzing the risks of illegal, improper, or erroneous purchases and payments; and
- developing a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of purchase card or convenience check transactions.<sup>4</sup>

The Act also requires that Inspectors General of executive agencies that have more than \$10 million in travel card spending periodically audit or review travel card programs to analyze the risks of illegal, improper, or erroneous purchases and payments.<sup>5</sup> Inspectors General must report the findings of such audits or reviews, along with recommendations to prevent improper use of travel cards, to the Director of OMB and Congress.<sup>6</sup>

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<sup>1</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, §§ 2-4, 126 Stat. 1445, pp. 1445-1450 (2012).

<sup>2</sup> Pub. L. No. 112-194, §§ 2-4, 126 Stat., pp. 1445-1450. OMB, *Improving the Management of Government Charge Card Programs, Circular A-123*, Appendix B, Cover Memorandum (January 15, 2009), prescribes policies and procedures for maintaining internal controls that reduce the risk of fraud, waste, and error in Government charge card programs.

<sup>3</sup> SSA does not use convenience checks or integrated charge cards.

<sup>4</sup> Pub. L. No. 112-194, § 2, 126 Stat. 1445, p. 1447.

<sup>5</sup> Pub. L. No. 112-194, § 3, 126 Stat., p. 1450.

<sup>6</sup> See Footnote 5.

In January 2018, we issued our Fiscal Year (FY) 2017 risk assessment of SSA's charge card programs.<sup>7</sup> We determined SSA had policies and procedures in place to address the requirements in the Act; therefore, the risk associated with SSA's use of purchase cards, travel cards, and CBAs was low.

In October 2018, SSA had 2,680 active purchase cardholders and 15,306 active travel cardholders and CBAs. We reviewed various sources of information to determine whether, as of the time of our review, SSA had internal controls designed to comply with the Act and reduce the risk of illegal, improper, or erroneous purchases in the Agency's charge card programs. See Appendix A for our scope and methodology.

Within the Office of the Deputy Commissioner for Budget, Finance, and Management, the Office of Acquisition and Grants (OAG) manages the purchase card program, and the Office of Financial Policy and Operations manages the travel card program.

## RESULTS OF REVIEW

This report addresses the requirement that we complete a risk assessment of SSA's charge card programs. SSA has both purchase and travel card programs and uses CBAs for travel. In FY 2018, SSA reported about \$53.2 million in purchase card expenses and approximately \$11.5 million in travel card expenses. SSA did not use convenience checks or integrated charge cards, so our risk assessment only addresses purchase cards, travel cards, and CBAs.

SSA had policies and procedures in place to address the requirements in the Act regarding its charge card programs. The Agency designed these policies and procedures to reduce the risk of illegal, improper, and erroneous purchases made using charge cards. In addition to the Act's requirements, SSA had internal controls in place to assist in overseeing its charge card programs.

In February 2018, we issued a report on SSA's FY 2017 purchase card transactions, as prescribed for the Government-wide Council of the Inspectors General on Integrity and Efficiency Purchase Card Project.<sup>8</sup> Based on our audit findings and the FY 2018 data we reviewed, we believe the risk associated with SSA's use of purchase cards is low.

In May 2015, we issued a report on SSA's FY 2013 travel card program.<sup>9</sup> Based on our prior findings and the FY 2018 data reviewed, we believe the risk associated with SSA's use of travel cards and CBAs is low.

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<sup>7</sup> SSA, OIG, *Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs*, A-13-18-50457 (January 2018).

<sup>8</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

<sup>9</sup> SSA, OIG, *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

## Purchase Card Assessment

We reviewed SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions. In addition, we reviewed information from our FY 2017 risk assessment<sup>10</sup> and our audit of certain FY 2017 Government purchase card transactions.<sup>11</sup> Based on the data reviewed, we believe the risk associated with purchases made using purchase cards is low. See Appendix B for the purchase card process.

### *Policies and Procedures*

With the exception of an increase in the micro-purchase threshold, there had been no significant changes regarding SSA's policies and procedures since our FY 2017 risk assessment.<sup>12</sup> Beginning September 2018, SSA increased its micro-purchase threshold from \$3,500 to \$10,000 for supply purchases.<sup>13</sup>

SSA still had policies and procedures to address applicable requirements identified in the Act regarding purchase cards (see Appendix C). The Agency's 2018 Purchase Card Management Plan addresses many of the Act's requirements and outlines policies and procedures the Agency believes are critical to managing its program.<sup>14</sup>

Our review of the Plan determined SSA used a variety of systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases. For example, the Plan indicates SSA uses purchase card reports to monitor misuse, performance metrics, and other program management issues.<sup>15</sup> We also reviewed other policies and procedures that help SSA reduce the risk of illegal, improper, or erroneous purchases in its purchase card programs. For example, included on OAG's Intranet site, were SSA's policies and procedures on use of the Government purchase card, which includes information on cardholder responsibilities and purchase card misuse.

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<sup>10</sup> See Footnote 7.

<sup>11</sup> See Footnote 8.

<sup>12</sup> See Footnote 7.

<sup>13</sup> This change occurred 17 days before the end of the FY; therefore, it had no impact regarding our assessment of SSA's risk of illegal, improper, or erroneous purchases made using purchase cards during FY 2018. SSA, *Increase in the Micro-Purchase Threshold, 18-05* (September 12, 2018).

<sup>14</sup> SSA, *Purchase Card Management Plan*, § 1, p. 1 (January 31, 2018).

<sup>15</sup> SSA, *Purchase Card Management Plan*, § 7.1, p. 21 (January 31, 2018).

## ***Additional Internal Controls***

As in our prior assessments, we found SSA had supplemented its policies and procedures required by the Act with internal controls to assist it in managing purchase cards. The Act requires that each executive agency provide for appropriate adverse personnel actions or other punishment in which agency employees violate agency policies or make illegal, improper, or erroneous purchases with purchase cards.<sup>16</sup> In its 2018 Purchase Card Management Plan, SSA documented controls, practices, and procedures related to charge card misuse and abuse.

For example, according to the Plan, when a cardholder misuses or abuses the purchase card, the Agency will take appropriate disciplinary action. Depending on the severity of the infraction, abuse of card privileges may result in actions ranging from informal counseling to termination of employment. In addition, cardholders, officials, or both may have to reimburse the Government for any erroneous or improper transactions not resolved through the Agency's dispute process.<sup>17</sup>

SSA periodically posts Acquisition Alerts to its Intranet site to remind employees to comply with existing policies and regulations and inform cardholders about new policies and regulations. For example, in September 2018, SSA published an alert on *Coding Hurricane Florence Micro-Purchases*. This alert required that Agency personnel identify micro-purchases associated with the relief effort resulting from damage caused by Hurricane Florence.<sup>18</sup>

## ***Delinquent Accounts and Disciplinary Actions***

Agency staff reported there were no delinquent purchase card accounts or disciplinary actions against purchase cardholders in FY 2018. Staff stated purchase cards should not have had any delinquencies since purchase card accounts were paid daily. Further, our Office of Investigations reported it had no allegations or cases of purchase card misuse for the same period.

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<sup>16</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1445, p. 1446 (2012).

<sup>17</sup> SSA, *Purchase Card Management Plan*, § 4.3, p. 11 (January 31, 2018).

<sup>18</sup> SSA, *Coding Hurricane Florence Micro-Purchases*, 18-06 (September 14, 2018).

## *Prior Audit Report*

In February 2018, we issued a report on our review of certain purchase card transactions made from October 1, 2016 through March 31, 2017. Generally, we found purchase card transactions complied with the Agency's purchase card policies and procedures. However, we identified four instances of possible split purchases.<sup>19</sup> SSA confirmed three instances of split purchases, and the remaining instance involved the unauthorized commitment of FY 2017 funds. We recommended SSA complete applicable corrective actions pertaining to the split purchases and unauthorized commitment of funds. The Agency agreed with our recommendation (see Appendix D).<sup>20</sup>

## **Travel Card Assessment**

We reviewed information from our FY 2017 risk assessment<sup>21</sup> and from our audit of SSA's FY 2013 travel card program.<sup>22</sup> We also reviewed SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions. SSA had policies and procedures in place to reduce the risk of illegal, improper, and erroneous purchases made through its travel card program, including CBAs. Based on the data we reviewed, we believe the risk associated with purchases made using travel cards and CBAs is low. See Appendix E for the travel card process.

### *Policies and Procedures*

The Agency's 2018 Travel Card Management Plan documents many of the requirements in the Act. However, the Agency had changed certain policies and procedures since our FY 2017 risk assessment. For example, SSA issued new instructions for using a Government travel card and CBAs. Our review of the changes determined policies and procedures were still in place to address internal control requirements identified in the Act regarding travel cards and CBAs (see Appendix F).

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<sup>19</sup> Using algorithms defined by the Council of the Inspectors General on Integrity and Efficiency, we determined whether the cardholder split two or more transactions that would have normally been a single-purchase transaction to circumvent the micro-purchase threshold of \$3,500. SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266, p. A-1 (February 2018).

<sup>20</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266, p. 5 (February 2018).

<sup>21</sup> SSA, OIG, *Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs*, A-13-18-50457 (January 2018).

<sup>22</sup> SSA, OIG, *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

As required,<sup>23</sup> the Plan outlines policies and procedures the Agency believes are critical to managing its program.<sup>24</sup> The Act calls agencies to perform periodic reviews to determine whether each travel charge cardholder needs a travel charge card.<sup>25</sup> According to the Plan, some of the Agency's offices will reduce the credit limit of cardholders who are not in travel status to \$1. However, when a cardholder enters travel status, the office will raise the credit limit to the standard \$10,000 or restricted \$2,500, depending on the cardholder's credit worthiness.<sup>26</sup>

The Act also requires that the Agency ensure officials with the authority to approve official travel verify the CBA charges are not reimbursed to the employee. The Plan states the Agency reviews reconciliation reports and data from regional offices to verify the validity of each transaction before payment. The accountable office has 7 working days to approve the CBA charges for payment. When the office approves CBA charges, the CBA bill is paid by the 26<sup>th</sup> of the month, which ensures no CBA charge becomes delinquent.<sup>27</sup>

### *Additional Internal Controls*

As in our 2017 assessment, in addition to policies and procedures that addressed statutory requirements, SSA had internal controls in place to assist in managing its travel cards. In its 2018 Travel Card Management Plan, SSA documented several examples of these controls as best practices and effective methods in managing risk.

For example, OMB Circular A-123, Appendix B, requires that charge card managers review charge card statements and account activity reports to identify questionable or suspicious transactions.<sup>28</sup> According to the Travel Card Management Plan, SSA uses account activity reports to monitor the travel cards to detect misuse. The Agency also uses a multi-layered strategy to prevent cardholders from becoming delinquent and encourage cardholders to quickly pay amounts due once they become delinquent.<sup>29</sup>

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<sup>23</sup> OMB, *Improving the Management of Government Charge Card Programs, Circular A-123*, Appendix B (January 15, 2009).

<sup>24</sup> SSA, *Travel Card Management Plan*, § 1, p. 1 (January 31, 2018).

<sup>25</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 3, 126 Stat. 1445, p. 1449 (2012).

<sup>26</sup> SSA, *Travel Card Management Plan*, § 4.5, p. 15 (January 31, 2018).

<sup>27</sup> SSA, *Travel Card Management Plan*, § 4.2, p. 10 (January 31, 2018).

<sup>28</sup> OMB, *Improving the Management of Government Charge Card Programs, Circular A-123*, Appendix B, § 4.8, (January 15, 2009).

<sup>29</sup> SSA, *Travel Card Management Plan*, § 4.6, p. 17 (January 31, 2018).

## *Delinquent Accounts and Disciplinary Actions*

We obtained and reviewed information regarding delinquent travel card accounts and disciplinary actions against travel cardholders in FY 2018. Staff reported there were delinquent travel card accounts in 10 months during the FY. In four delinquent travel card accounts that were at least 90 days past due, the total delinquent amounts ranged from \$414 to \$1,774.<sup>30</sup>

For FY 2018, the highest occurrence of delinquent accounts in a month totaled less than 1 percent of active travel cardholders. Agency staff reported disciplinary actions against two employees for inappropriate travel card use. Our Office of Investigations reported no allegations or cases of travel card or CBA misuse for the same period.

## *Prior Audit Report*

In May 2015, we issued a report on SSA's FY 2013 travel card program.<sup>31</sup> Our objective was to assess SSA's travel charge card program and CBA activities. Generally, SSA complied with its travel charge card policies and procedures. We identified some instances of noncompliance with the Agency's policies and procedures; however, these instances did not involve a significant number of employees nor did they have a significant monetary impact. SSA closed the five recommendations we made to address the deficiencies we identified.

## **CONCLUSIONS**

SSA had policies and procedures in place to address the requirements identified in the Act regarding management of its purchase and travel card programs. In addition, SSA had internal controls to assist in oversight of its charge card programs beyond those required by the Act.

For FY 2018, the Agency reported there were no delinquent accounts nor disciplinary actions pertaining to the misuse of purchase cards. Our prior audit of certain transactions determined SSA generally complied with its purchase card policies and procedures. The findings had limited monetary impact. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's use of purchase card program as low.

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<sup>30</sup> SSA provided a list of account delinquencies that were at least 60 days past due. We totaled the number of delinquent accounts in each month in FY 2018 that were at least 90 days past due. Instances of delinquency refer to the combined total number of monthly delinquent accounts. However, the same account may have been delinquent in more than 1 month.

<sup>31</sup> See Footnote 22.

For FY 2018, the Agency reported four delinquent travel card accounts and disciplinary actions against two employees for inappropriately using their travel cards. Our prior audit report on the Agency's travel card program found that SSA generally complied with its travel charge card policies and procedures. Our findings did not involve a significant number of employees or have a significant monetary impact. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's travel card program and CBA activities as low.

A handwritten signature in black ink that reads "Rona Lawson". The signature is fluid and cursive, with "Rona" on top and "Lawson" below it, both starting with a capital letter.

Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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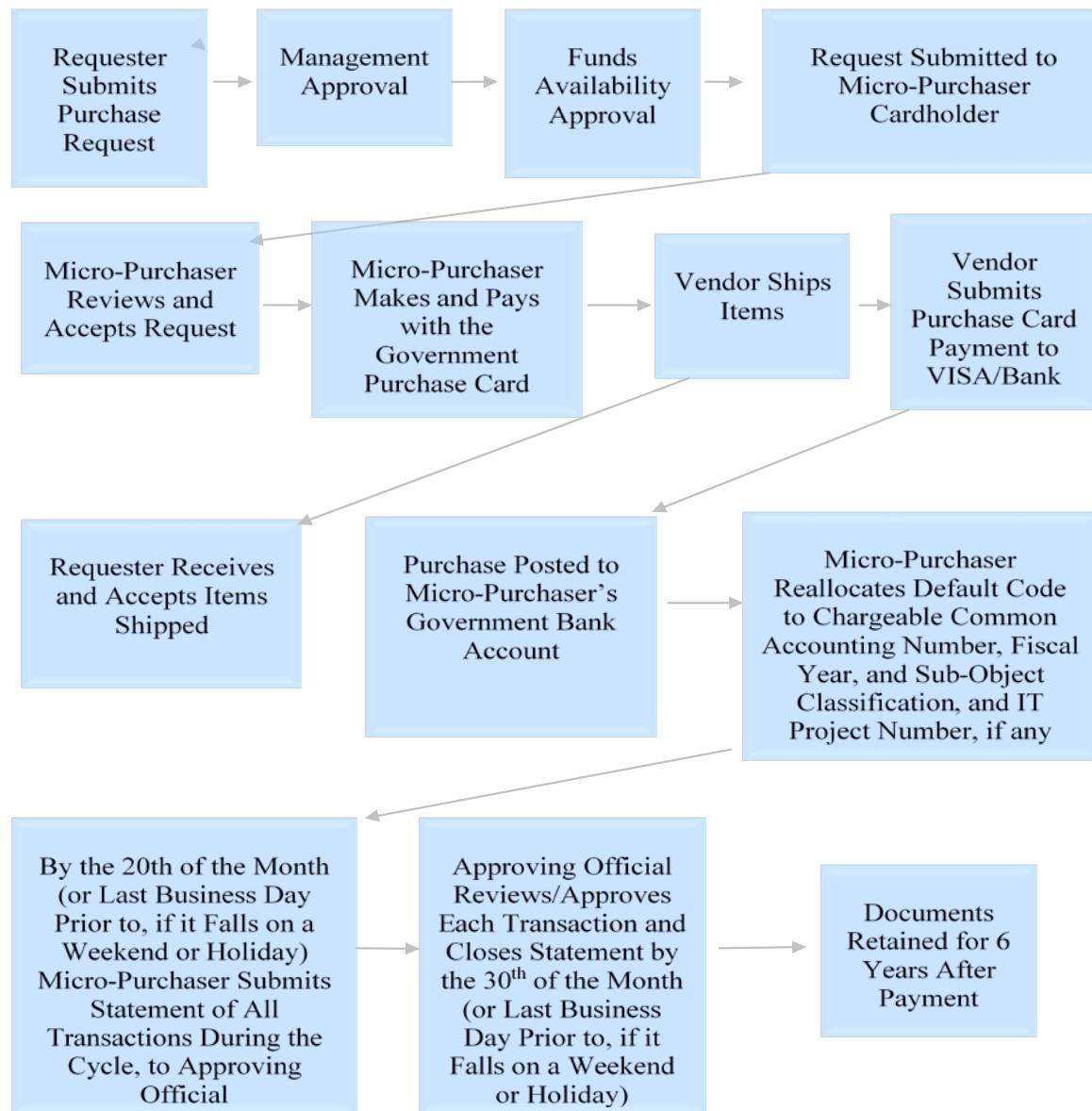
To accomplish our objective, we:

- Reviewed the *Government Charge Card Abuse Prevention Act of 2012*.
- Reviewed Office of Management and Budget Circular A-123, Appendix B – *Improving the Management of Government Charge Card Programs* (revised January 2009).
- Reviewed Social Security Administration (SSA) policies and procedures related to charge cards.
- Reviewed prior Office of the Inspector General reports, including *The Social Security Administration's Travel Charge Card Program* (A-13-14-11414), *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program* (A-13-15-50038), and *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project* (A-13-17-50266).
- Obtained and reviewed SSA's annual Charge Card Management Plans for 2017 and 2018.
- Reviewed SSA's policy, procedures, and charge card management plans for compliance with the *Government Charge Card Abuse Prevention Act of 2012* and Office of Management and Budget Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (revised January 2009).
- Obtained and reviewed reports on delinquent purchase card accounts for the period October 1, 2017 through September 30, 2018.
- Obtained and reviewed reports on delinquent travel card accounts for the period October 1, 2017 through September 30, 2018.
- Obtained statistics on disciplinary actions against SSA employees for misuse of a purchase card for the period October 1, 2017 through September 30, 2018.
- Obtained statistics on disciplinary actions against SSA employees for misuse of travel charge cards for the period October 1, 2017 through September 30, 2018.
- Obtained information about purchase and travel card misuse from our Office of Investigations.

The principal internal controls reviewed pertained to activities of the Office of the Deputy Commissioner for Budget, Finance, and Management. We conducted our risk assessment in Baltimore, Maryland, from July 2018 through January 2019. We reviewed information provided by SSA pertaining to its charge card programs. During our review, nothing came to our attention that would indicate the information provided was not reliable.

## Appendix B – THE SOCIAL SECURITY ADMINISTRATION’S PURCHASE CARD PROCESS

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## **Appendix C – THE GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012 FOR PURCHASE CARDS**

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The *Government Charge Card Abuse Prevention Act of 2012*<sup>1</sup> requires that executive agencies that issue and use purchase cards establish and maintain safeguards and internal controls as stated below.

- There is a record in each executive agency of each holder of a purchase card issued by the agency for official use, annotated with the limitations on single transactions and total transactions that are applicable to the use of each card or check by that purchase cardholder.
- Each purchase cardholder and individual issued a convenience check is assigned an approving official other than the cardholder who has the authority to approve or disapprove transactions.
- The purchase cardholder and each official with authority to authorize expenditures charged to the purchase card are responsible for reconciling the charges appearing on each statement of account for that purchase card with receipts and other supporting documentation; and forwarding a summary report to the certifying official in a timely manner of information necessary to enable the certifying official to ensure the Government ultimately pays only for valid charges that are consistent with the terms of the applicable Government-wide purchase card contract entered into by the Administrator of General Services.
- Any disputed purchase card charge, and any discrepancy between a receipt and other supporting documentation and the purchase card statement, is resolved in the manner prescribed in the applicable Government-wide purchase card contract entered into by the Administrator of General Services.
- Payments on purchase card accounts are made promptly within prescribed deadlines to avoid interest penalties.
- Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on purchase card accounts are reviewed for accuracy and properly recorded as a receipt to the agency that pays the monthly bill.
- Records of each purchase card transaction (including records on associated contracts, reports, accounts, and invoices) are retained in accordance with Government policies on the disposition of records.

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<sup>1</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1445, pp. 1445-1446 (2012).

- Periodic reviews are performed to determine whether each purchase cardholder needs a purchase card.
- Appropriate training is provided to each purchase cardholder and official with responsibility for overseeing the use of purchase cards issued by the executive agency.
- The executive agency has specific policies regarding the number of purchase cards issued by various component organizations and categories of component organizations, the credit limits authorized for various categories of cardholders, and categories of employees eligible to be issued purchase cards, and that those policies are designed to minimize the financial risk to the Government of the issuance of the purchase cards and to ensure the integrity of purchase cardholders.
- The executive agency uses effective systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases.
- The executive agency invalidates the purchase card of each employee who ceases to be employed by the agency, immediately upon termination of the employment of the employee; or transfers to another unit of the agency, immediately upon the transfer of the employee unless the agency determines that the units are covered by the same purchase card authority.
- The executive agency takes steps to recover the cost of any illegal, improper, or erroneous purchase made with a purchase card or convenience check by an employee, including, as necessary, through salary offsets.

## **Appendix D– THE SOCIAL SECURITY ADMINISTRATION’S CORRECTIVE ACTIONS ON PRIOR RECOMMENDATIONS**

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Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, states Inspectors General will report to the Director of OMB 120 days after the end of each fiscal year (FY) on agency progress in implementing audit recommendations. In addition, it requires that the Inspector General submit an annual purchase and travel card audit recommendation status report.<sup>1</sup>

In our FY 2017 risk assessment, we stated Social Security Administration (SSA) reported all five recommendations for the travel card audit<sup>2</sup> were closed in 2016.<sup>3</sup> For FY 2018, we will only report on the status of the purchase card audit recommendations.

### **2016 Purchase Card Audit**

In May 2016, we issued a report on SSA’s FY 2014 Government purchase card program.<sup>4</sup> Our objectives were to review SSA’s use of purchase cards in FY 2014 and examine its actions to address the recommendations in our March 2010 report.<sup>5</sup> We recommended that SSA:

1. Issue a reminder to help ensure SSA complies with policy and procedures for recording purchase card transactions in purchase order logs and retaining adequate records indicating receipt and acceptance of goods.
2. Assess the split purchases we identified to determine whether they were detected by SSA’s monitoring process, and then adjust the monitoring process to identify and resolve such transactions, as needed.
3. Implement a verification process to ensure purchase card training completion, certification, and other related information are included in the applicable training records.

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<sup>1</sup> OMB, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, M-13-21, pp. 3-4 (September 6, 2013).

<sup>2</sup> SSA, OIG, *The Social Security Administration’s Travel Card Program*, A-13-14-11414 (May 2015).

<sup>3</sup> SSA, OIG, *Fiscal Year 2017 Risk Assessment of the Social Security Administration’s Charge Card Programs*, A-13-18-50457, p. 7 (January 2018).

<sup>4</sup> SSA, OIG, *The Social Security Administration’s Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038 (May 2016).

<sup>5</sup> SSA, OIG, *The Social Security Administration’s Government Purchase Card Program*, A-13-09-29027 (March 2010).

4. Remind approving officials to timely complete all required actions of purchase card termination when an employee leaves to ensure the delegation of acquisition authority is terminated, purchase cards are destroyed, and accounts are cancelled.
5. Determine the appropriateness of, and take appropriate actions, regarding the questionable transaction that occurred over a weekend.

### ***Status of Recommendations***

The Agency agreed with the five recommendations. SSA reported it closed Recommendations 1 through 4 in 2016. In November 2018, SSA closed Recommendation 5 and reported it will not add weekend transaction analysis to its ongoing Acquisition Management Review process because there was a small percentage of weekend transactions found in its review. Also, SSA reported that, given the time it took to analyze those weekend transactions it was not a good use of staff resources.

## **2018 Purchase Card Audit**

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Information Technology Committee, in conjunction with several Offices of Inspector General, initiated a project to assess certain purchase card transactions. In February 2018, we issued a report on our review of SSA's transactions for October 1, 2016 through March 31, 2017. Our objective was to review SSA purchase card transactions, as prescribed for the Government-wide CIGIE Purchase Card Project.<sup>6</sup>

We recommended that SSA complete applicable corrective actions pertaining to the split purchases and the unauthorized commitment of FY 2017 funds.

### ***Status of Recommendation***

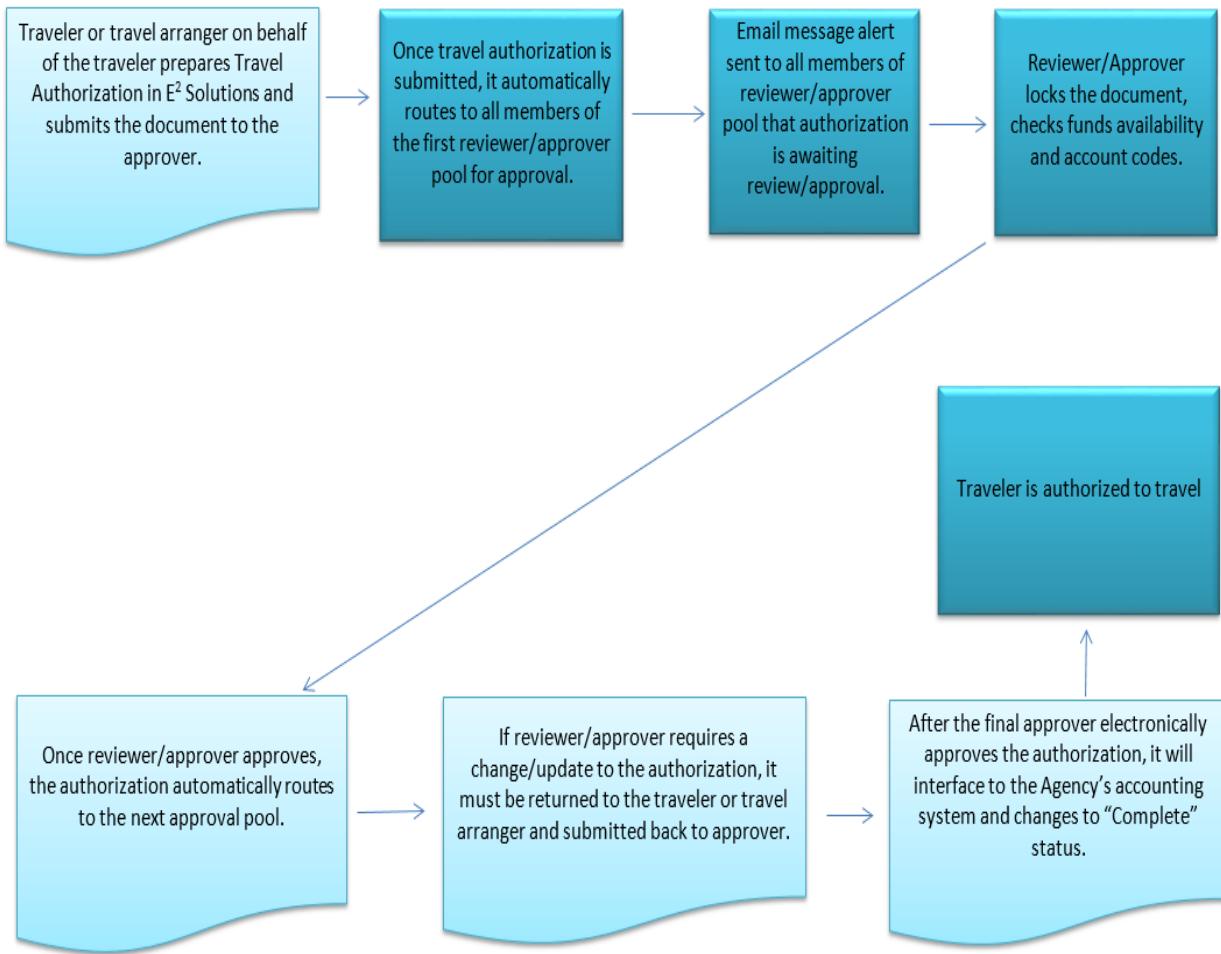
The Agency agreed to review spit purchases and unauthorized commitment of funds and take corrective action. In November 2018, SSA stated it was reviewing the requests for ratification of the unauthorized commitments. SSA anticipates completing all ratifications by January 31, 2019.

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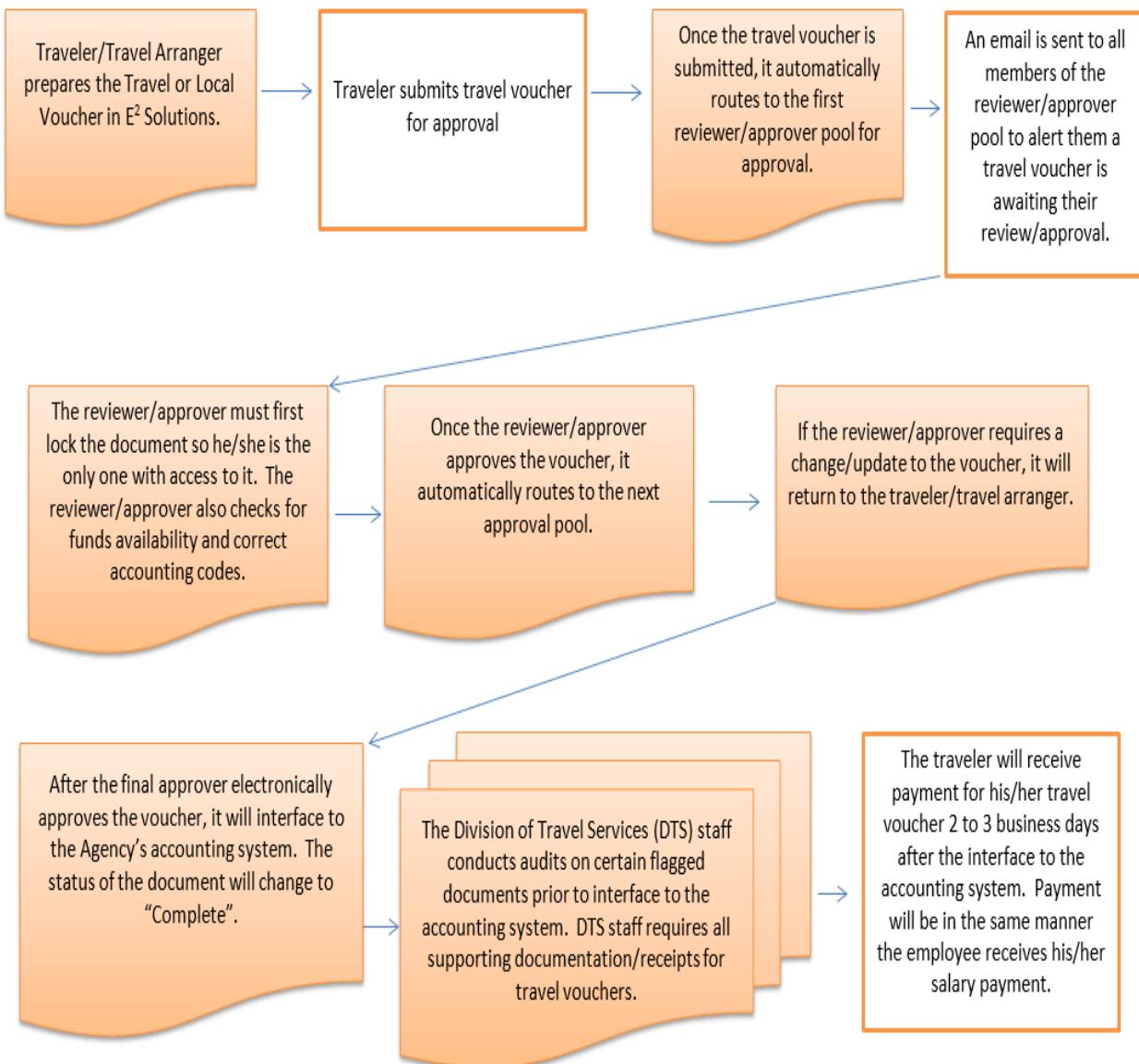
<sup>6</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

## Appendix E – THE SOCIAL SECURITY ADMINISTRATION’S TRAVEL CARD PROCESS

### Travel Authorization Process



# TRAVEL/LOCAL VOUCHERS



## **Appendix F – THE *GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012* FOR TRAVEL CARDS AND CENTRALLY BILLED ACCOUNTS**

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The *Government Charge Card Abuse Prevention Act of 2012*<sup>1</sup> (Act) requires that executive agencies that have employees who use travel charge cards establish and maintain internal control activities to ensure their proper, efficient, and effective use as stated below. In addition, the Act requires that agencies establish and maintain internal control activities for centrally billed accounts.

### **Travel Cards**

- There is a record in each executive agency of each holder of a travel charge card issued on the agency's behalf for official use, annotated with the limitations on amounts that are applicable to the use of each such card by that travel charge cardholder.
- Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on travel charge card accounts are monitored for accuracy and properly recorded as a receipt of the agency that employs the cardholder.
- Periodic reviews are performed to determine whether each travel charge cardholder has a need for the travel charge card.
- Appropriate training is provided to each travel charge cardholder and each official with responsibility for overseeing the use of travel charge cards issued by the executive agency.
- Each executive agency has specific policies regarding travel charge cards issued for various component organizations and categories of component organizations, the credit limits authorized for various categories of cardholders, and categories of employees eligible to be issued travel charge cards, and designs those policies to minimize the financial risk to the Government of the issuance of the travel charge cards and ensure the integrity of travel charge cardholders.

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<sup>1</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, §§ 3-4, 126 Stat. 1445, pp. 1448-1450 (2012).

- Each executive agency has policies to ensure its contractual arrangement with each travel charge card issuing contractor contains a requirement that the creditworthiness of an individual be evaluated before the individual is issued a travel charge card, and that no individual be issued a travel charge card if that individual is found not creditworthy as a result of the evaluation (except that this paragraph shall not preclude issuance of a restricted use, prepaid, declining balance, controlled-spend, or store value card when the individual lacks a credit history or has a credit score below the minimum credit score established by the Director of the Office of Management and Budget). The Director of the Office of Management and Budget shall establish a minimum credit score for determining the creditworthiness of an individual based on rigorous statistical analysis of the population of cardholders and historical behaviors. Notwithstanding any other provision of law, such evaluation shall include an assessment of an individual's consumer report from a consumer reporting agency as those terms are defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a).
- Each executive agency uses effective systems, techniques, and technologies to prevent or identify improper purchases.
- Each executive agency ensures the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the employee (or, in the case of a member of the uniformed services, upon separation or release from active duty or full-time National Guard duty).
- Each executive agency shall ensure that, where appropriate, travel card payments are issued directly to the travel card-issuing bank for credit to the employee's individual travel card account.

## **Centrally Billed Accounts**

- The executive agency shall ensure that officials with the authority to approve official travel verify that centrally billed account charges are not reimbursed to an employee.
- The executive agency shall dispute unallowable and erroneous charges and track the status of the disputed transactions to ensure appropriate resolution.
- The executive agency shall submit requests to servicing airlines for refunds of fully or partially unused tickets, when entitled to such refunds, and track the status of unused tickets to ensure appropriate resolution.

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