



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

September 8, 2023

TO: ROBIN CARNAHAN
ADMINISTRATOR (A)

FROM: ROBERT C. ERICKSON
ACTING INSPECTOR GENERAL (J)

SUBJECT: GSA Office of Inspector General's Fiscal Year 2022 Risk Assessment of
GSA's Charge Card Program
Audit Memorandum Number A230044-2

We conducted a risk assessment of GSA's charge card program to identify and analyze risks of illegal, improper, or erroneous purchases related to GSA's purchase and travel cards. We based our risk assessment on limited testing of purchase and travel card transactions.

We assessed the risk for GSA's purchase card program as moderate. Through our limited purchase card testing, we noted the Office of Administrative Services (OAS) maintained a 100 percent follow-up rate for high-risk transactions that it had deemed questionable (e.g., purchases containing the words casino, gift, or party). However, we found that OAS should continue to improve its purchase card controls to ensure that cardholders upload supporting documentation into GSA's system of record. In addition, we found that GSA should ensure that purchase cardholder refresher training requirements are documented consistently.

We assessed the risk for GSA's travel card program as low. Through our limited travel card testing, we noted that OAS maintained its process to ensure that GSA travel cardholders complete mandatory travel card training every 2 years. Since travel cards are individually billed accounts and liability rests with the cardholder and not the Agency, they continue to be inherently low risk to GSA.

Figure 1 on the next page presents our FY 2022 assessment ratings for GSA's purchase and travel card programs. Our ratings are consistent with our FY 2021 charge card risk assessment.¹

¹ *GSA Office of Inspector General's Fiscal Year 2021 Risk Assessment of GSA's Charge Card Program* (Audit Memorandum Number A220041, September 23, 2022).

Figure 1 – Results of Risk Assessment

Charge Card Program	Assessed Level of Risk
Purchase Card	Moderate
Travel Card	Low

Background

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) was enacted to prevent waste, fraud, and abuse that may exist in federal charge card programs. The Charge Card Act and Office of Management and Budget (OMB) Revised Circular No. A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, requires Inspectors General to periodically conduct risk assessments of purchase and travel card programs. These assessments analyze the risks of illegal, improper, or erroneous purchases and payments. Inspectors General are required to use these risk assessments to determine the necessary scope, frequency, and number of audits to be performed in these areas.

In FY 2022, GSA used its purchase cards for goods and services totaling \$31.5 million. GSA purchase cards are centrally billed accounts, and liability for all purchases rests with GSA. Travel card spending for FY 2022 totaled \$3.9 million. GSA travel cards are individually billed accounts, and liability for purchases rests with the cardholder. As GSA is obligated to pay the balance for purchase card transactions, purchase cards inherently carry more risk than travel cards.

Risk Assessment Methodology

Our risk assessment is based on our limited testing of FY 2022 purchase and travel card transactions. The methodology is discussed in detail below.

Purchase Card Risk Assessment

Our risk assessment determined that GSA’s purchase card program has a moderate level of risk. For this risk assessment, we performed limited testing over FY 2022 purchase card transactions. Specifically, we:

- Examined relevant criteria, including public laws; Appendix B to OMB Revised Circular No. A-123; and GSA directives, purchase card policies, and procedures;
- Reviewed our prior charge card risk assessments;
- Analyzed FY 2022 purchase card transactions by GSA service;
- Tested a nonstatistical, random sample of 20 transactions below and 5 transactions above the micro-purchase threshold to determine whether purchase card transactions were fully supported and controls were operating effectively;²

² A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures. The micro-purchase threshold increased to \$10,000 on June 20, 2018.

- Determined whether purchase cardholders took the 2-year purchase cardholder refresher training as required by GSA policy;
- Reviewed purchase card questionable charges reports to determine whether there was adequate resolution of questionable charges;
- Tested a nonstatistical, random sample of 12 questionable charges to determine if the transactions were appropriate and fully supported and controls were operating effectively; and
- Verified that OAS is testing split transactions, which are transactions that result from separating a single purchase into multiple transactions to circumvent procurement requirements.

During our testing, we found one instance of a cardholder failing to upload the required supporting documentation for purchase card transactions in Pegasys, the purchase card system of record. OAS implemented internal controls in FY 2016 to address this issue. However, we noted missing documentation in our FY 2020, FY 2021, and current FY 2022 risk assessments. Specifically, 1 of the 25 FY 2022 transactions we tested did not have all of the required supporting documentation in Pegasys. For this transaction, the missing documentation was a receipt supporting the purchase.

We also found that OAS did not provide consistent messaging when notifying employees on how often to take the required purchase cardholder refresher training. In August 2022, OAS updated its training requirement in GSA Order OAS 4200.1C, *Management and Use of the GSA SmartPay® Purchase Card* for purchase cardholders to take the refresher training every 2 years. However, the *Charge Card Management Plan for the General Services Administration Purchase and Travel Card Programs* states that the purchase cardholder refresher training is required to be taken every 3 years. OAS sent an email notification in August 2022 to purchase cardholders to notify them of their responsibility to take the purchase cardholder refresher training. This notification stated that training is required to be taken every 3 years.

Despite the inconsistent messaging regarding how often the required training should be completed, we found that 100 percent of the purchase cardholders in our sample completed the purchase cardholder refresher training. Based on our review, OAS has implemented effective controls to ensure that employees have taken the required purchase cardholder refresher training.

Our testing of the FY 2022 transactions found that OAS complied with the *Charge Card Management Plan for the General Services Administration Purchase and Travel Card Programs* and followed up on 100 percent of questionable charge non-responses. This is consistent with our FY 2021 charge card risk assessment.

Our FY 2022 testing also found that OAS appears to have proper controls in place to identify and respond to potentially split transactions.

Based on the findings from our limited purchase card testing identified above, and the centrally billed nature of purchase card accounts, we assessed the risk for GSA's purchase card program as moderate. OAS should continue to improve controls to ensure that purchase cardholders upload supporting documentation into GSA's purchase card system of record. In addition, OAS should ensure it has updated all documents and correspondence to reflect the current policy for the purchase cardholder refresher training.

Travel Card Risk Assessment

Our risk assessment determined that GSA's travel card program has a low level of risk. For this risk assessment, we performed limited testing over FY 2022 travel card transactions. Specifically, we:

- Examined relevant criteria, including public laws; Appendix B to OMB Revised Circular No. A-123; and GSA directives, travel card policies, and procedures;
- Reviewed our prior audit reports related to the travel card program;
- Tested a nonstatistical, random sample of 10 travel card charges to determine if they were properly authorized, reported, and supported and controls were operating effectively;
- Tested a nonstatistical, random sample of 25 travel cardholders to determine if the employees completed the required training and controls were operating effectively;
- Evaluated OAS's processes related to the detection, resolution, and prevention of questionable travel card charges; and
- Analyzed GSA's voucher data to identify instances in which employees did not follow travel card policies.

During our testing, we found that OAS has maintained internal controls over travel cards to ensure that active GSA travel cardholders completed the mandatory travel card training every 2 years. For FY 2022, 96 percent of travel cardholders in our sample completed the GSA travel card training, compared to 100 percent in FY 2021 and 96 percent in FY 2020. Furthermore, 96 percent of travel cardholders in our sample completed the temporary duty travel training, compared to 100 percent in FY 2021 and 92 percent in FY 2020. In addition, we found that OAS performed follow-up procedures on all travel cardholders who did not take the training by enforcing the training requirement or removing the employee's travel card privileges.

Further, we identified no significant internal control weaknesses with the travel card program. The risk to GSA is inherently less because the travel card accounts are individually billed, and the cardholder is responsible for paying for the charges against the travel card rather than GSA. Therefore, we assessed the risk for GSA's travel card program as low.

I would like to thank you and your staff for your assistance during this risk assessment. If you have any questions regarding this audit memorandum, please contact me at 202-501-0450, or R. Nicholas Goco, Assistant Inspector General for Auditing, at 202-501-2322.

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