




SEP 22 2017

TO: TIMOTHY O. HORNE
ACTING ADMINISTRATOR (A)

FROM: CAROL F. OCHOA 
INSPECTOR GENERAL (J)

SUBJECT: GSA Office of Inspector General's Fiscal Year 2016 Risk Assessment of GSA's Charge Card Program
Audit Memorandum Number A170042

We conducted a risk assessment of GSA's charge card program to identify and analyze risks of illegal, improper, or erroneous purchases as they relate to GSA's purchase and travel cards. Our risk assessment is based on the work we conducted in the *Implementation Review of Action Plan: GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases* (implementation review of the purchase card audit) and the *Audit of GSA's Fiscal Year 2016 Travel Card Program* (travel card audit).¹

Through our implementation review of the purchase card audit, we determined that the Office of Administrative Services (OAS) has taken appropriate corrective actions to address all of our audit recommendations. We determined that no further action is warranted. Further, in our travel card audit, we noted an improvement in internal controls and as such, did not have reportable findings.

Due to the improvements that GSA has made in the charge card program, we assess the risks related to purchase and travel cards as moderate and low, respectively.

Figure 1 – Results of Risk Assessment

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

¹ *Implementation Review of Action Plan: GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases*, A170077, August 11, 2017. *Audit of GSA's Fiscal Year 2016 Travel Card Program*, A170019, September 20, 2017.

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) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, require Inspectors General to annually 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.

Risk Assessment Methodology

Our risk assessment is based on the work we conducted in the *Implementation Review of Action Plan: GSA's Purchase Card Program is Vulnerable to Illegal, Improper, or Erroneous Purchases* (implementation review of the purchase card audit) and the *Audit of GSA's Fiscal Year 2016 Travel Card Program* (travel card audit).

Purchase Card Assessment

In the implementation review of the purchase card audit, we performed limited testing of the corrective actions that OAS took in response to the audit recommendations. Specifically, we:

- Met and corresponded with OAS personnel;
- Examined documentation submitted by OAS supporting accomplishment of its action plan steps; and
- Examined documentation contained in GSA's Internal Controls Audit Tracking System.

We found that GSA improved controls over issues identified in our audit report. Specifically, officials in OAS implemented a review process to ensure purchase cardholders upload supporting documentation into Pegasys and that approving officials resolve instances of missing documentation. They also ensured that charge card coordinators perform charge card duties on a full-time basis and no longer perform other job functions. Further, OAS officials implemented procedures requiring a periodic review of the business rules designed to identify questionable purchase card charges. Finally, we found that OAS instituted regular testing to identify and evaluate potentially split purchase card transactions.

Travel Card Assessment

In the travel card audit, we examined travel card transactions processed and approved during fiscal year 2016. Specifically, we:

- Examined relevant criteria, including public laws, executive orders, OMB memoranda, and GSA directives, travel card policies, and procedures;
- Reviewed prior audit reports related to the travel card program issued by the GSA Office of Inspector General;
- Performed detailed testing of 35 randomly selected fiscal year 2016 travel card vouchers (all travel transactions associated with a trip) and 25 judgmentally selected travel card transactions from the highest travel card spenders to determine the validity of purchases made, confirm the completeness of documentation maintained in the travel system, and evaluate compliance with GSA travel card policies;
- Analyzed queries used to identify questionable charge transactions;
- Reviewed questionable travel card transactions to determine whether there was adequate resolution through the review process;
- Reviewed a list of separated employees to determine if their travel card accounts were closed in accordance with travel card policy; and
- Selected a random sample of travel card vouchers to determine whether GSA employees were using their GSA travel cards, as required by GSA policy, rather than their personal credit cards.

We found that GSA improved controls over certain program areas that we identified as issues in our fiscal year 2015 risk assessment. Specifically, officials in OAS corrected previous query issues in MasterCard's Expert Monitoring System, the system that OAS uses to identify questionable charges. OAS also implemented a biannual refresher training for the travel card program. Finally, we found that cardholders uploaded required supporting documentation to the system of record.

Conclusion

Based upon our risk assessment, we rate GSA's purchase and travel card programs as moderate and low risk, respectively. We found that GSA made improvements to its efforts to identify and analyze risks of illegal, improper, or erroneous purchases. We will use the results of this risk assessment as we consider future audits of the charge card program.

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.

Memorandum Distribution

Acting GSA Administrator (A)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)