



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Informational Report*

Fiscal Year 2023 Periodic  
Assessment of the Social Security  
Administration's Charge Card  
Programs

032314 | April 2024



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** April 3, 2024

**Refer To:** 032314

**To:** Martin O'Malley  
Commissioner

**From:** Gail S. Ennis *Gail S. Ennis*  
Inspector General

**Subject:** Fiscal Year 2023 Periodic Assessment of the Social Security Administration's Charge Card Programs

The attached final report presents the results of the Office of Audit's review. The objective was to determine 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 Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

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## **ABBREVIATIONS**

Act	<i>Government Charge Card Abuse Prevention Act of 2012</i>
CBA	Centrally Billed Account
FY	Fiscal Year
GSA	General Services Administration
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine 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)—as implemented by Appendix B to Office of Management and Budget (OMB) Circular A-123, *A Risk Management Framework for Government Charge Card Programs*—requires that all Executive Branch agencies implement safeguards and internal controls to prevent waste, fraud, and abuse of purchase cards, travel cards, integrated cards, and centrally billed accounts (CBA).<sup>1, 2</sup> For executive agencies with \$10 million in annual purchase and/or \$10 million in travel spending, the Act tasks Inspectors General to, among other things:<sup>3</sup>

- periodically assess agencies' purchase card or convenience check programs and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments;
- analyze or audit, as necessary, purchase and travel card transactions designed to identify potentially illegal, improper, or erroneous uses of purchase and travel cards;
- report to the Director of OMB on the implementation of recommendations made to the head of the executive agency to address findings of any analysis or audit of purchase card or travel card transactions; and
- report jointly with the respective agency to the head of OMB on confirmed charge card violations.

Through the General Services Administration (GSA) SmartPay® 3 Master Contract, SSA obtained purchase and travel card services until 2031.<sup>4</sup> In addition to the purchase and travel card programs, SSA uses CBAs for transportation costs when employees make travel reservations using SSA's Travel Management Service.<sup>5</sup> However, SSA does not use convenience checks or integrated charge cards.

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

<sup>2</sup> OMB, *A Risk Management Framework for Government Charge Card Programs*, Circular A-123, Appendix B, Cover Memorandum (2019), establishes standard minimum requirements and best practices for Government charge card programs that may be supplemented by individual agency policies and procedures.

<sup>3</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 2.9, p. 13 (2019).

<sup>4</sup> On August 31, 2017, Citibank and U.S. Bank were awarded GSA SmartPay® 3 Master Contracts to continue providing payment solutions to Government agencies. The GSA SmartPay® 3 Master Contract has base and option periods that comprise a possible 13-year period of performance, running November 30, 2018 through November 29, 2031.

<sup>5</sup> Each SSA employee is required to use their own government travel charge card to purchase transportation tickets through the Agency's Travel Management Service (that is, online E2 Solutions or calling a CWTSatoTravel agent).

In Fiscal Year (FY) 2023, SSA reported approximately \$39.5 million in purchase card spending and approximately \$5.5 million in travel card and CBA spending.

**Table 1: FY 2023 Active Charge Cardholders and Spending<sup>6</sup>**

Charge Card Program	Number of Active Cardholders	Spending
Purchase	2,452	\$39,561,889
CBAs	11	\$47,288
Travel	10,808	\$5,471,287
<b>Total</b>	<b>13,271</b>	<b>\$45,080,464</b>

## SCOPE AND METHODOLOGY

In FY 2023, SSA had more than \$10 million in purchase and travel card spending. Therefore, we completed a periodic assessment, as required by the Act. We reviewed SSA’s policies and procedures and identified 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. We also obtained SSA’s report on joint violations, delinquent accounts, and disciplinary actions related to charge card misuse and potential internal control deficiencies. To meet the requirement that Inspectors General report on the implementation of recommendations made to address findings of any analysis or audit of purchase card or travel card transactions, we obtained the status of prior audit recommendations. For additional information about our scope and methodology, see Appendix A.

## RESULTS OF REVIEW

We determined the risk of illegal, improper, and erroneous purchases made through SSA’s charge card programs is low. SSA implemented safeguards and internal controls to prevent waste, fraud, and abuse of purchase cards, travel cards, and CBAs by designing its policies and procedures to address the requirements in the Act and OMB Circular A-123, Appendix B.<sup>7</sup>

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<sup>6</sup> Although reviewed information SSA provided, we did not independently determine the accuracy of the information. Therefore, we provide no assurance the information is accurate.

<sup>7</sup> See Appendix B for the required safeguards and internal controls for purchase cards. See Appendix C for the required safeguards and internal controls for travel cards.

## Required Safeguards and Internal Controls

SSA generally complied with the standard minimum requirements and best practices for Government charge card programs, as instructed by the Act and OMB Circular A-123, Appendix B.<sup>8,9</sup> SSA also implemented management practices that identified, assessed, responded to, and reported risks for its charge card programs, as required.<sup>10</sup>

The Agency's Purchase and Travel Card Management Plan addresses many of the Act's requirements and outlines policies and procedures the Agency believes are critical to: (1) ensure a system of internal control is followed and (2) minimize the potential for fraud, misuse, and delinquency. For example, the Act calls for agencies to invalidate purchase cards for those whose employment is terminated or transferred.<sup>11</sup> Each day, SSA's Purchase Card Application Portal identifies purchase card participants who have left the Agency and automatically generates emails informing management that the cardholders have left the Agency and the account is suspended.<sup>12</sup>

While SSA updated its Purchase Card Management Plan, as required, it had not updated its Travel Card Management Plan since 2020. According to OMB Circular A-123, Appendix B, SSA is required to update its management plans at least every 2 years to remain current.<sup>13</sup> SSA reported it did not update its Travel Card Management Plan because travel card policies had not changed. After we notified SSA it had not updated the plan as required, SSA staff reported it updated the Travel Card Management Plan in January 2024.

## Charge Card Violations, Misuse, or Delinquency

As required, the Agency and our Office of Investigations reported to OMB through OMB's MAX.gov website that SSA had no known and completed reviews and investigations of use or abuse of purchase cards that resulted in fraud, loss to the government, or misappropriation of funds or assets in FY 2023.<sup>14</sup>

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<sup>8</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, §§ 2 through 4, 126 Stat. 1445, pp. 1445 through 1450 (2012).

<sup>9</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 3.3, p. 18 (2019).

<sup>10</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 3.2, p. 18 (2019).

<sup>11</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1446, p. 1446 (2012).

<sup>12</sup> SSA, *Purchase Card Management Plan*, § 2.3, p. 3 (January 31, 2022).

<sup>13</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 3.1, p. 18 (2019).

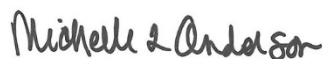
<sup>14</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 2.9, p. 14 (2019).

We confirmed SSA had no ongoing investigations or legal proceedings relevant to purchase and travel card programs. In addition, Agency staff reported very few instances of misuse or delinquent purchase and travel card accounts:

- one disciplinary action against a purchase cardholder where SSA terminated the delegation of authority for the identified purchase cardholder and reduced their pay;
- two instances of delinquent travel card accounts with the highest occurrence of delinquent accounts in a month totaled less than 1 percent of active travel cardholders for the same period;
- no disciplinary actions against employees for inappropriate travel card use; and
- no delinquent purchase card accounts.

## **Assessments and Audits of Charge Card Programs**

Since our FY 2020 risk assessment, there have been no significant changes to the policies and procedures related to SSA's charge card programs that would affect the control environment.<sup>15</sup> Most of the changes related to the implementation of increased automation and streamlined processes for administering/recording charge card training. Therefore, we did not identify any new internal controls that required that we perform an audit or analysis for SSA's FY 2023 charge card programs. Because SSA closed recommendations related to our audits of SSA's FY 2014 and 2017 purchase card programs and a FY 2013 travel card program, we reported to OMB that SSA had no open or closed recommendations as required by OMB Circular A-123, Appendix B.<sup>16, 17</sup>



Michelle L. Anderson  
Assistant Inspector General for Audit

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<sup>15</sup> SSA, OIG, *Fiscal Year 2020 Risk Assessment of The Social Security Administration's Charge Card Program* (January 2021).

<sup>16</sup> SSA, OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038, (May 2016); *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018); and *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

<sup>17</sup> OMB, *A Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, section 2.9, p. 13 (2019).



# ***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 – A *Risk Management Framework for Government Charge Card Plans* (revised August 2019).
- Reviewed Social Security Administration (SSA) policies and procedures related to charge cards.
- Reviewed the Office of the Inspector General’s most recent memorandums, assessments, and reports related to charge cards, including:
  - *Status of the Social Security Administration’s Charge Card Programs for Fiscal Year 2022 (032312)* (January 2023);
  - *Fiscal Year 2020 Assessment of the Social Security Administration’s Charge Card Programs (A-13-19-50835)* (January 2021);
  - *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project (A-13-17-50266)* (February 2018);
  - *The Social Security Administration’s Fiscal Year 2014 Government Purchase Card Program (A-13-15-50038)* (May 2016); and
  - *The Social Security Administration’s Travel Charge Card Program (A-13-14-11414)* (May 2015).
- 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, A *Risk Management Framework for Government Charge Card Plans* (revised August 2019).
- Obtained and reviewed SSA’s annual risk profile or Office of Management and Budget Circular A-123 enterprise risk management process for charge card programs.
- Obtained and reviewed SSA’s annual Charge Card Management Plans for 2020 and 2022.
- Obtained information about purchase and travel card misuse from our Office of Investigations.
- Obtained and reviewed reports on delinquent purchase and travel card accounts for the period October 1, 2022 through September 30, 2023.
- Obtained statistics on disciplinary actions against SSA employees for misuse of a purchase and travel card for the period October 1, 2022 through September 30, 2023.
- Obtained the status of prior charge card audit recommendations to determine whether any of those recommendations remained were unimplemented.

We conducted our risk assessment from September through December 2023. SSA provided information pertaining to its charge card programs. However, we did not independently determine the accuracy of the information. Therefore, we provide no assurance the information is accurate. During our review, nothing came to our attention that would indicate the information provided is not reliable.

## **Appendix B – REQUIREMENTS FOR PURCHASE CARDS**

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

- Each executive agency has a record of each holder of a purchase card issued by the agency for official use, annotated with the limitations on single and total transactions that are applicable to the use of such 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 with 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 that appear on each statement of account for that purchase card with receipts and other supporting documentation.
  - 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 of account, 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 agency actions 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 standard Government policies on the disposition of records.
- Periodic reviews are performed to determine whether each purchase cardholder needs the purchase card.

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

- Appropriate training is provided to each purchase cardholder and each 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 employee's employment; or transfers to another unit of the agency, immediately upon the employee's transfer unless the agency determines 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 C – REQUIREMENTS FOR TRAVEL CARDS AND CENTRALLY BILLED ACCOUNTS

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The *Government Charge Card Abuse Prevention Act of 2012* 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.<sup>1</sup> In addition, the Act requires that agencies establish and maintain internal control activities for centrally billed accounts.<sup>2</sup>

### Travel Cards

- Each executive agency has a record 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 needs 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 to ensure the integrity of travel charge cardholders.
- Each executive agency has policies to ensure its contractual arrangement with each contractor that issues a travel charge card contains a requirement that the individual's creditworthiness 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 stored 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 shall establish a minimum credit score for determining an individual's creditworthiness 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

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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 through 1450 (2012).

<sup>2</sup> See Footnote 1.

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 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.

## Appendix D – STATUS OF CORRECTIVE ACTIONS ON PRIOR AUDIT RECOMMENDATIONS

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Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, states Inspectors General will report to the Director of OMB on the implementation of recommendations made to the head of the executive agency to address findings of any analysis or audit of purchase card or travel card transactions or programs for compilation and transmission to Congress and the Comptroller General.<sup>1</sup>

We have not provided recommendations to Social Security Administration (SSA) about its charge card programs since our audits of its Fiscal Years (FY) 2014 and 2017 purchase card programs and FY 2013 travel card program.<sup>2</sup> Because there have been no significant changes to policies and procedures related to its charge card programs and we determined SSA's risk of illegal, improper, and erroneous purchases were low, we have not analyzed or audited SSA's charge card programs since FY 2019.<sup>3</sup> Therefore, there are no new recommendations to report to OMB. In December 2023, we reported to OMB that SSA continued to have no open or closed recommendations as required.

### Prior Purchase and Travel Card Audits

We issued reports for SSA's FYs 2014 and 2017 purchase card programs with a total of six recommendations.<sup>4</sup> We also issued a report for SSA's FY 2013 travel card program with five recommendations.<sup>5</sup> Generally, SSA complied with its charge card policies and procedures. We identified some instances of noncompliance with the Agency's policies and procedures; however, these instances neither involved a significant number of employees nor had a significant monetary impact.

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<sup>1</sup> OMB, Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Plans*, section 2.9, p. 13 (2019).

<sup>2</sup> SSA, OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038 (May 2016); *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018); and *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

<sup>3</sup> In FY 2019, we performed limited testing of SSA's purchase and travel card transactions because SSA increased its micro-purchase threshold from \$3,500 to \$10,000 for supply purchases. However, we did not identify any significant findings and did not make recommendations to SSA. SSA, OIG, *Fiscal Year 2019 Risk Assessment of The Social Security Administration's Charge Card Program* (October 2020).

<sup>4</sup> SSA, OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038 (May 2016); and *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

<sup>5</sup> *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).



## *Purchase Card Audits*

In May 2016, we issued a report on SSA's use of purchase cards in FY 2014 and examined the Agency's actions to address the recommendations in our March 2010 report.<sup>6</sup> Except for the items discussed below, we found SSA's compliance with its purchase card policies and procedures had generally improved. In addition, SSA issued an acquisition alert reminding employees to document evidence of the receipt and acceptance of goods and avoid split purchases. The Agency also reported it reviewed possible split purchases and used Citibank's reporting tool to detect potential split purchases. As of November 2018, SSA reported it had closed all recommendations.

In February 2018, we issued a report on our review of certain purchase card transactions made from October 1, 2016 through March 31, 2017.<sup>7</sup> 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. 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. In December 2019, SSA stated it completed its review of the split purchases and unauthorized commitment of funds. It also stated it processed all five ratifications of the unauthorized commitment requests.

## *Travel Card Audit*

In May 2015, we issued a report on SSA's travel charge card program.<sup>8</sup> Generally, SSA complied with its travel charge card policies and procedures. For example, travel advances for employees were appropriate, relocated employees' expenses were allowable, and 7,912 (61 percent) employees' credit limits were reduced to \$11 or less when there was no activity in FY 2013 and travel spending was in accordance with OMB guidance. Additionally, the Agency reported it took disciplinary actions against 59 employees for inappropriately using travel cards. SSA reported all five recommendations for the travel card audit were closed in 2016.

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<sup>6</sup> SSA, OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038, p. 2 (May 2016).

<sup>7</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

<sup>8</sup> SSA, OIG, *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).



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