



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Evaluation Report

Fiscal Year 2015 Risk Assessment of
the Social Security Administration's
Charge Card Programs

A-13-16-50061 | January 2016

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: January 28, 2016

Refer To:

To: The Commissioner

From: Inspector General

Subject: Fiscal Year 2015 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-16-50061)

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 Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Fiscal Year 2015 Risk Assessment of the Social Security Administration's Charge Card Programs

A-13-16-50061



January 2016

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

On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012* (Act), which 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. It also establishes reporting and audit requirements. 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 with 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 centrally billed accounts for travel. In Fiscal Year (FY) 2015, SSA reported about \$62 million in purchase card use and \$21 million in travel card expenses. As of October 2015, there were 2,950 active purchase cardholders and 22,761 active travel cardholders. SSA did not use convenience checks or integrated charge cards, so our risk assessment only addressed purchase cards, travel cards, and centrally billed accounts.

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

In 2015, we initiated an audit of SSA's purchase card program. Based on our preliminary findings and the data we reviewed, we believe the risk associated with SSA's use of purchase cards is "low." We will issue a report on the results of our purchase card audit in FY 2016.

In 2015, we audited SSA's travel card program. Based on our findings and the data we reviewed, we believe the risk associated with SSA's use of travel cards and centrally billed accounts is "low."

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ABBREVIATIONS

Act	<i>Government Charge Card Abuse Prevention Act of 2012</i>
AIMS	Administrative Instructions Manual System
AMR	Acquisition Management Review
CBA	Centrally Billed Account
FY	Fiscal Year
OAG	Office of Acquisition and Grants
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
SSA	Social Security Administration
Stat.	United States Statutes at Large
U.S.C.	United States Code

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

On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012* (Act), which reinforces efforts to prevent waste, fraud, and abuse in Government-wide charge card programs.¹ 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).² 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.³

The Act tasks Inspectors General with, among other things,

- conducting periodic risk assessments of agencies' purchase card or convenience check programs;⁴
- 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.⁵

Similarly, the Act requires that Inspectors General of executive agencies with 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.⁶ 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.⁷

¹ Pub. L. No. 112-194 §§ 2-4, 126 Stat. 1445, 1445-1450 (2012).

² Id.

³ Id. OMB Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, (Revised January 2009), prescribes policies and procedures for maintaining internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. See OMB A-123, App. B, Cover Memorandum.

⁴ SSA does not use convenience checks or integrated charge cards.

⁵ Pub. L. No. 112-194 § 2, 126 Stat. 1445, 1447 (2012).

⁶ Pub. L. No. 112-194 § 3, 126 Stat. 1445, 1450 (2012).

⁷ Id.

In January 2015, we issued our Fiscal Year (FY) 2014 risk assessment of SSA’s charge card programs.⁸ Our assessment was that SSA had policies and procedures in place to address the requirements in the Act regarding its charge card programs. We reported the risk associated with SSA’s use of purchase cards was “low.” Additionally, we reported our plan to initiate a follow-up review of purchase cards in FY 2015. Based on preliminary findings from our audit of SSA’s travel card program and the data we reviewed, we assessed the risk associated with SSA’s use of travel cards and CBAs was “low.”

As of October 2015, SSA had 2,950 active purchase cardholders and 22,761 active travel cardholders. We reviewed various sources of information to determine whether, at 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.

Components in SSA’s Office of the Deputy Commissioner for Budget, Finance, Quality, and Management oversee the Agency’s charge card programs. The Office of Acquisition and Grants (OAG) manages the Government 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 2015, SSA reported about \$62 million in purchase card use and \$21 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 has 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 the charge cards. In addition to the Act’s requirements, SSA has internal controls in place to assist in overseeing its charge card programs.

In 2015, we initiated an audit of SSA’s purchase card program.⁹ Based on our preliminary findings and the data we reviewed, we believe the risk associated with SSA’s use of purchase cards is “low.” We will issue a report on the results of our purchase card audit in FY 2016.

⁸ SSA OIG, *Fiscal Year 2014 Risk Assessment of the Social Security Administration’s Charge Card Programs* (A-13-15-50002), January 2015.

⁹ SSA OIG, *The Social Security Administration’s Fiscal Year 2014 Government Purchase Card Program* (A-13-15-50038).

In 2015, we also audited SSA's travel card program.¹⁰ Based on our findings and the data we reviewed, we believe the risk associated with SSA's use of travel cards and CBAs is "low."

Purchase Card Assessment

To assess the risk of illegal, improper, and erroneous purchases made through SSA's Government purchase card program, we reviewed SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions. SSA has policies and procedures designed to reduce the risk of illegal, improper, and erroneous purchases made using purchase cards. In addition, we reviewed information from our FY 2014 assessment and information pertaining to preliminary results from our ongoing audit of SSA's FY 2014 Government purchase card program.¹¹ Based on the data reviewed, we believe the risk associated with purchases made using purchase cards is "low." See Appendix E for the purchase card process. We will issue a report on the results of our purchase card audit in FY 2016.

Policies and Procedures

Certain sections of the Agency's policies and procedures had changed since our FY 2014 risk assessment of SSA's charge card programs.¹² Our review of the changes determined policies and procedures were still in place to address internal control requirements identified in the Act regarding purchase cards (see Appendix B). SSA changed some policies because they did not reflect SSA's adjustments to its procedures. For example, the Agency removed three warrant classes from its policy regarding special-purpose acquisition authorities.^{13,14} According to SSA staff, the Agency had rescinded these warrant classes. Additionally, effective October 1, 2015, SSA increased the micro-purchase threshold to \$3,500 for supplies.

The Agency's 2015 Purchase Card Management Plan documents many of the Act's requirements. As required, the Plan outlines policies and procedures the Agency believes are critical to managing its program.¹⁵ One requirement of the Act calls for agencies to establish and maintain safeguards and internal controls to ensure the agency uses effective systems,

¹⁰ SSA OIG, *The Social Security Administration's Travel Charge Card Program*, (A-13-14-11414), May 2015.

¹¹ SSA OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program* (A-13-15-50038).

¹² See Footnote 8.

¹³ A warrant or SF-1402 is issued by the Associate Commissioner or Deputy Associate Commissioner of OAG. It delegates acquisition authority and appoints an individual as a contracting officer. Various warrant classes exist due to different levels of authority. SSA, AIMS, Material Resources Manual 06.02.03 and 06.02.08, May 14, 2015.

¹⁴ Special-purpose acquisition authorities are for individuals who occupy non GS-1102 contracting series positions, whose primary job responsibilities are to purchase, incidentally, specific supplies or services with a specified dollar limit.

¹⁵ OMB, Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (Revised January 2009).

techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases.¹⁶ Through our review of the Purchase Card Management Plan, we determined SSA used a variety of systems, techniques, and technologies to prevent or identify such purchases. For example, the Purchase Card Management Plan indicates SSA assesses compliance through on-site (Headquarters) and remote (field office) acquisition management reviews (AMR). On-site AMRs include a review of purchase logs and actual purchase files. Remote AMRs involve issuing AMR inquiries to field office and Headquarters components when there is an indication of questionable purchases. AMRs help the Agency prevent or identify illegal, improper, or erroneous purchases.

We also found relevant policy and procedure-related information on OAG's Intranet Website and in the CitiDirect Card Management System User's Guide. The policies and procedures help SSA reduce the risk of illegal, improper, or erroneous purchases in the Agency's charge card program.

Additional Internal Controls

Similar to our prior assessments, we found SSA supplemented its policies and procedures required by the Act with internal controls to assist it in managing purchase cards. In its 2015 Purchase Card Management Plan, SSA documented several examples of these controls as best practices and effective methods for managing risk.

For example, OMB Circular A-123, Appendix B, requires that SSA report to OMB's Office of Federal Financial Management the ratio of approving officials to purchase cardholders. However, it does not require a specific ratio. Further, the Act does not require a specific ratio of purchase cardholders to approving officials. However, SSA's Purchase Card Management Plan states that the ratio of cardholders to approving officials is generally three-to-one depending on the component's size and cardholders' purchasing activity. The Agency strives to maintain a ratio of no more than 10 cardholders to 1 approving official.

SSA continued issuing Acquisition Alerts to remind employees to comply with existing policies and regulations and inform cardholders about new policies and regulations. The Agency posted these Alerts to its Intranet site. For example, on May 15, 2015, SSA published an Alert on *Administrative Instructions Manual System Material Resources Manual 06.07, Green Purchasing Plan*. The Alert reminded staff that the Agency's policy was to acquire the most environmentally sound products and services meeting Agency program needs.

Delinquent Accounts and Disciplinary Actions

In response to our request, staff reported there were no delinquent purchase card accounts and disciplinary actions against purchase cardholders for the period October 1, 2014 through September 30, 2015. Our Office of Investigations reported it had not initiated any cases for alleged purchase card misuse for the same period.

¹⁶ Pub. L. No. 112-194 § 2, 126 Stat. 1445, 1445-1447 (2012).

Preliminary Results of Purchase Card Audit

In February 2015, we initiated an audit to review SSA's use of purchase cards in FY 2014 and examine its actions to address recommendations in our March 2010 report.¹⁷ Although we have not completed this audit, we have developed preliminary findings based on work completed as of November 2015.

Preliminary audit results generally indicate SSA's compliance with its purchase card policies and procedures has improved; and the Agency implemented our recommendations. We did identify instances where SSA staff did not comply with the Agency's policies and procedures and possible instances of SSA staff performing split purchases; and we questioned the appropriateness of certain transactions staff made over a weekend. However, our preliminary audit findings identified documentation-related issues or have a limited monetary impact.

Travel Card Assessment

To assess the risk of illegal, improper, and erroneous purchases made through SSA's travel card program, we reviewed SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions. SSA has policies, procedures, and additional internal controls designed to reduce the risk of illegal, improper, and erroneous purchases made through its travel card program, including its CBAs. In addition, we reviewed information from our FY 2014 assessment and audit of SSA's travel card program.^{18,19} See Appendix F for the travel card process. Based on the data reviewed, we believe the risk associated with purchases made using travel cards and CBAs is "low."

Policies and Procedures

We determined there were no significant changes regarding the Agency's policies and procedures since our FY 2014 risk assessment. SSA still had policies and procedures in place to address applicable requirements identified in the Act regarding travel cards and CBAs (see Appendix C). The Agency's 2015 Travel Card Management Plan documents many of the requirements in the Act.

One requirement of the Act states, ". . . 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 card holders, and categories of employees eligible to be issued travel charge cards, and designs those policies to minimize the financial risk to the Federal Government of the issuance of the travel charge cards and to ensure

¹⁷ SSA OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program* (A-13-15-50038)

¹⁸ SSA OIG, *Fiscal Year 2014 Risk Assessment of the Social Security Administration's Charge Card Programs* (A-13-15-50002), January 2015.

¹⁹ SSA OIG, *The Social Security Administration's Travel Charge Card Program*, (A-13-14-11414), May 2015.

the integrity of travel charge card holders.”²⁰ SSA’s 2015 Travel Card Management Plan states that employees have the right to consent/not consent to a credit check. Alternatively, employees may complete an *Alternate Credit Worthiness Evaluation* (Form SSA-6). According to the Plan, employees who have a credit score of 660 or above will receive a travel charge card with the standard \$10,000 credit limit. Employees who have a score below 660 or employees who successfully complete Form SSA-6 will receive a travel charge card with a \$2,500 limit.

The Agency’s CBAs are for use only in special circumstances.²¹ As required by the Act for managing CBAs, each “. . . 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.”²² SSA’s policy states, “Airline carriers process refunds for unused, electronic airline tickets through the Travel Management Service. The employee is required to contact the Travel Management Service and inform them of the cancellation as soon as possible.”²³ Further, the Agency maintains guidance for both electronic and paper ticket refunds on the Division of Travel Services’ Intranet site.

Additional Internal Controls

Similar to our 2014 assessment, we found that, in addition to policies and procedures addressing statutory requirements, SSA has internal controls in place to assist in managing its travel cards. In its 2015 Travel Card Management Plan, SSA documented several examples of these controls as best practices and methods effective in managing risk.

For example, to minimize the risk of non-travel expense purchases using the travel card, Agency program coordinators monitor monthly account activity reports for suspicious activity. Further, program coordinators may temporarily deactivate travel cards for cardholders who are not in travel status.²⁴ The Agency also implemented restrictions on automated teller machine withdrawals. Cardholders may only withdraw up to \$400 in 1 day and cannot exceed \$600 in 1 week.

Delinquent Accounts and Disciplinary Actions

We reviewed information regarding delinquent travel card accounts and disciplinary actions against travel cardholders for the period October 1, 2014 through September 30, 2015. Staff

²⁰ Pub. L. No. 112-194 § 3, 126 Stat. 1445, 1449 (2012).

²¹ Special circumstances include when an employee (1) has not received the requested Government contractor-issued charge card in time to make reservations, (2) is granted an exception from the Government travel card program, (3) has had the Government travel card canceled because of delinquency or misuse, (4) needs to secure a special fare in advance of travel, (5) is on extended temporary duty travel and will not have sufficient time to reimburse the Government travel card contractor, or (6) is on international travel.

²² Pub. L. No. 112-194 § 4, 126 Stat. 1445, 1450 (2012).

²³ SSA, AIMS, Financial Management Manual 07.08.05 D (January 2011).

²⁴ Travel cards may be deactivated by reducing the credit limit to \$1.

reported there were delinquent travel card accounts each month. In FY 2015, the total amount for delinquent travel card accounts at least 90 days past due ranged from about \$10 to \$4,527 for 65 instances of delinquency.²⁵ In its 2015 Travel Card Management Plan, SSA reported it had “. . . one of the lowest delinquency percentages in Government, . . .”²⁶ The Plan also stated CBAs were certified and paid in full within 30 days and therefore there were no occurrences of delinquency.²⁷

The highest occurrence of delinquent accounts in a month during this period totaled about 1 percent of active travel cardholders. Agency staff reported 10 disciplinary actions against employees for inappropriate use of the travel card, one of which is pending.²⁸ Our Office of Investigations reported no cases for alleged travel card or CBA misuse for the period October 1, 2014 through September 30, 2015.

Prior Audit Report

In May 2015, we issued a report on SSA’s travel card program.²⁹ 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. For example, employees’ travel advances 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.

We identified some instances of noncompliance with the Agency’s policies and procedures, but these instances did not involve a significant number of employees or have a significant monetary impact. Specifically, the instances of noncompliance included 234 separated employees who retained travel charge cards but whose accounts did not have charges in FY 2013; 3 cardholders who were reimbursed for \$4,347 in charges billed to the CBA; 7 cardholders who made unauthorized purchases and automated teller machine withdrawals totaling \$995; 4 cardholders who did not use the Government travel charge card for \$1,619 in travel-related expenses; and supervisors who did not approve the travel authorization for 5 employees before they traveled. Finally, we questioned whether 14 employees received travel charge card training, as required by Agency policy.

SSA agreed with the five recommendations we made to address the deficiencies identified. See Appendix D for information regarding the recommendations.

²⁵ Information the Agency provided listed account delinquencies at least 90 days past due but did not allow us to determine the number of days travel card accounts were delinquent. We totaled the number of delinquent accounts in each month during FY 2015. 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 throughout the year.

²⁶ SSA, *Travel Card Management Plan*, January 31, 2015, Section 8, at p. 20.

²⁷ *Plan*, supra Section 4.2, at p. 10.

²⁸ Inappropriate use of the travel card includes misuse, unauthorized use, delinquent payments, and inadvertent use.

²⁹ See Footnote 10.

CONCLUSIONS

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

For the period October 1, 2014 through September 30, 2015, the Agency reported there were no delinquent accounts or disciplinary actions pertaining to the misuse of purchase cards. Our ongoing purchase card audit found SSA generally improved its compliance with its purchase card policies and procedures, and the Agency implemented prior report recommendations. Our preliminary audit findings identified documentation-related issues or have a limited monetary impact. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's purchase card program as "low."

For the period October 1, 2014 through September 30, 2015, the Agency reported there were delinquent travel card accounts. The highest occurrence of delinquent accounts in a month during this period totaled about 1 percent of active travel cardholders. Further, staff reported disciplinary actions against 10 employees for inappropriate use of their travel card during FY 2015. Our recent audit of the Agency's travel card program found that SSA generally complied with its travel charge card policies and procedures. Of the transactions we reviewed, our findings did not involve a significant number of employees or have a significant monetary impact. Therefore, we assess the risk of illegal, improper, and erroneous purchases made through SSA's travel card program and CBA activities as "low."



Steven L. Schaeffer, JD, CPA, CGFM, CGMA
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed the *Government Charge Card Abuse Prevention Act of 2012*.¹
- 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 and ongoing 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 Purchase Card Program* (A-13-09-29027), and *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program* (A-13-15-50038).
- Obtained and reviewed SSA's annual Charge Card Management Plans for 2014 and 2015.
- Reviewed SSA's policy, procedures, and charge card management plans for compliance with the *Government Charge Card Abuse Prevention Act of 2012* and the 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 travel card accounts for the period October 1, 2014 through September 30, 2015.
- Determined there were no delinquent purchase card accounts for the period October 1, 2014 through September 30, 2015.
- Obtained statistics on disciplinary actions against SSA employees for misuse of travel charge cards for the period October 1, 2014 through September 30, 2015.
- Requested statistics on disciplinary actions against SSA employees for misuse of purchase cards for the period October 1, 2014 through September 30, 2015.
- Requested information about purchase and travel card misuse from our Office of Investigations.

¹ Pub. L. No. 112-194 §§ 2-4, 126 Stat. 1445, 1445-1450 (2012).

The principal internal controls reviewed pertained to activities of the Office of the Deputy Commissioner for Budget, Finance, Quality and Management. We conducted our risk assessment in Baltimore, Maryland, from July through November 2015. We conducted our assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

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

The *Government Charge Card Abuse Prevention Act of 2012*¹ 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 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 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 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 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.

¹ Pub. L. No. 112-194 §§ 2-4, 126 Stat. 1445, 1445-1450 (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 C – *THE GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012* FOR TRAVEL CARDS AND CENTRALLY BILLED ACCOUNTS

The *Government Charge Card Abuse Prevention Act of 2012*¹ (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 record in each executive agency of each holder of a travel charge card issued on behalf of the agency 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.
- 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 stored value card when the individual lacks a credit history or has a credit score below the minimum credit score established by the

¹ Pub. L. No. 112-194 §§ 2-4, 126 Stat. 1445, 1445-1450 (2012).

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.

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

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.¹

In May 2015, we issued a report on the Social Security Administration’s (SSA) travel charge card program.² Our objective was to assess SSA’s travel charge card program and centrally billed account (CBA) activities

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.³

Our 2015 report also identified some instances of noncompliance with the Agency’s policies and procedures for the transactions we reviewed, but these instances did not involve a significant number of employees or have a significant monetary impact. Specifically, the instances of noncompliance included 234 separated employees who retained travel charge cards but whose accounts did not have any charges in FY 2013; 3 cardholders who were reimbursed for \$4,347 in charges billed to the CBA; 7 cardholders who made unauthorized purchases and automated teller machine withdrawals totaling \$995; 4 cardholders who did not use the Government travel charge card for \$1,619 in travel-related expenses; and supervisors who did not approve the travel authorization for 5 employees before they traveled. Finally, we questioned whether 14 employees received travel charge card training, as required by Agency policy.

The Agency agreed with the five recommendations we made to address our findings. Below are our recommendations and the status of actions the Agency took to address them.

¹ OMB, Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, at p. 4 (September 6, 2013).

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

³ In this report, we consider the inappropriate use of the travel card to include misuse, unauthorized use, delinquent payments, failure to pay, and inappropriate expenses.

1. Review all current travel cardholders to ensure they are still employed at SSA and perform a comprehensive review annually to identify any separated employees whose cards were not cancelled when they separated.
2. Ensure the one cardholder in our review repays the Agency \$1,344 in travel expenses.
3. Remind employees to use their Government travel charge card only for authorized purchases and automated teller machine withdrawals when on official business travel.
4. Remind supervisors to ensure employees' travel authorizations are approved before they travel and attach appropriate documentation if emergencies occur.
5. Remind approving officials to (a) ensure employees timely complete training and (b) retain appropriate documentation indicating employees completed the required training.

Response to Recommendations

The Agency implemented an annual review of all travel cardholders. For those individuals SSA determines are no longer employees, the Agency will take the necessary actions to cancel the charge card. The Agency plans to conduct reviews at the end of each calendar year. As of October 16, 2015, SSA was developing a system that will match all active employees with all active card accounts to identify open card accounts for which no active employee exists.

Additionally, SSA completed further review, research, and discussions with the traveler for an alleged overpayment. It was determined that no overpayment occurred. According to SSA, the traveler changed the status of a return trip from business to business and leisure. However, the new airfare, which the traveler personally paid for, cost less than the originally booked flight. Thus, the amount reimbursed to the traveler was appropriate.

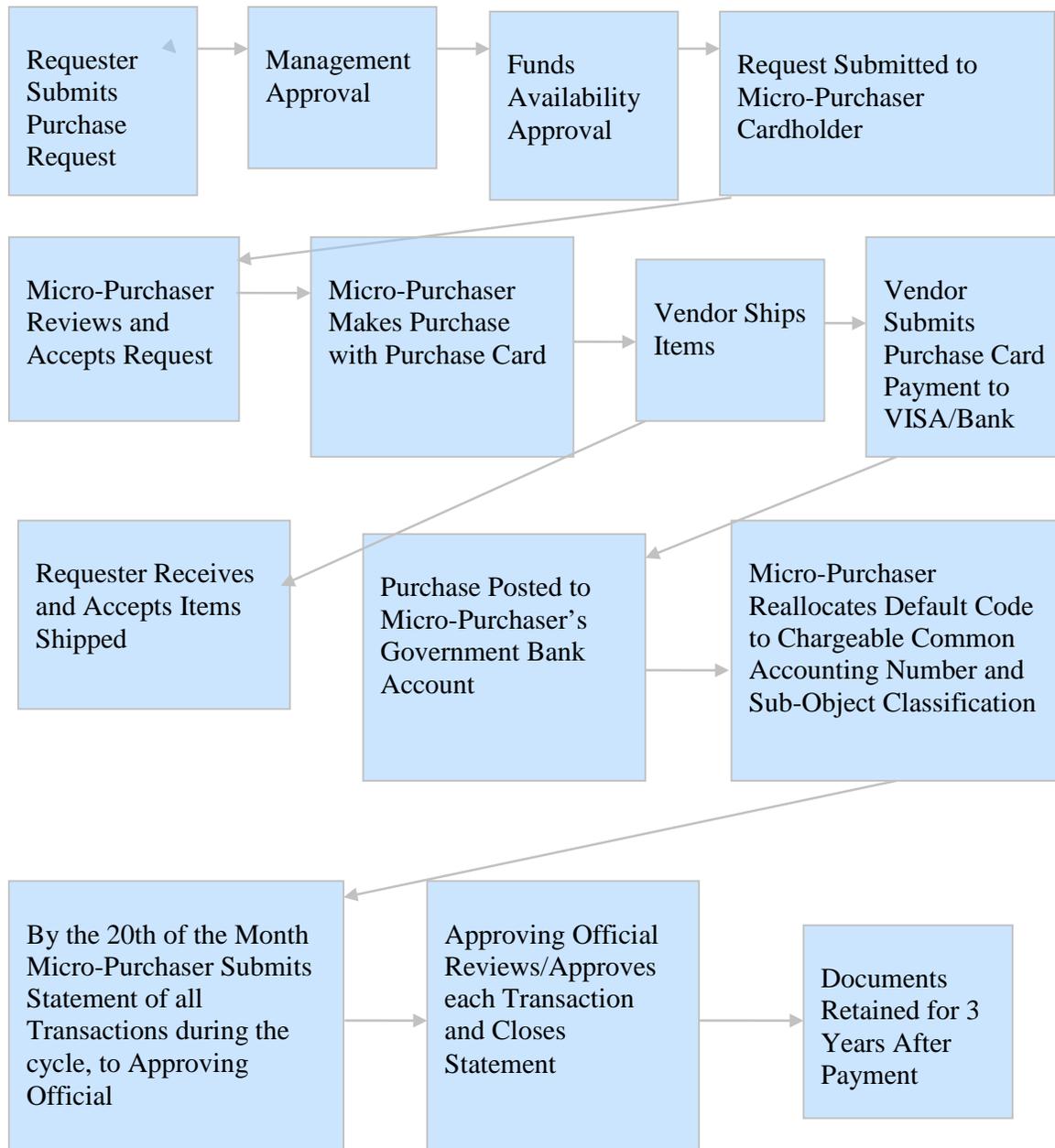
Further, in hands-on training sessions, the Agency included a reminder:

- to use the travel charge card only for authorized purchases and automated teller machine withdrawals when on official business travel,
- for supervisors to ensure they approve travel authorizations and attach the proper documentation before employee travel takes place, and
- for approving officials to ensure employees complete training timely, and document when the training was completed.

The Agency drafted a Travel Update including messages regarding the above three items that it released in December 2015. SSA also scheduled additional training for front office staffs and other special groups such as the Office of Acquisition and Grants and SES Class VII and sent an email to staff offering the training to all employees to ensure everyone was aware of the travel card requirements and policies.

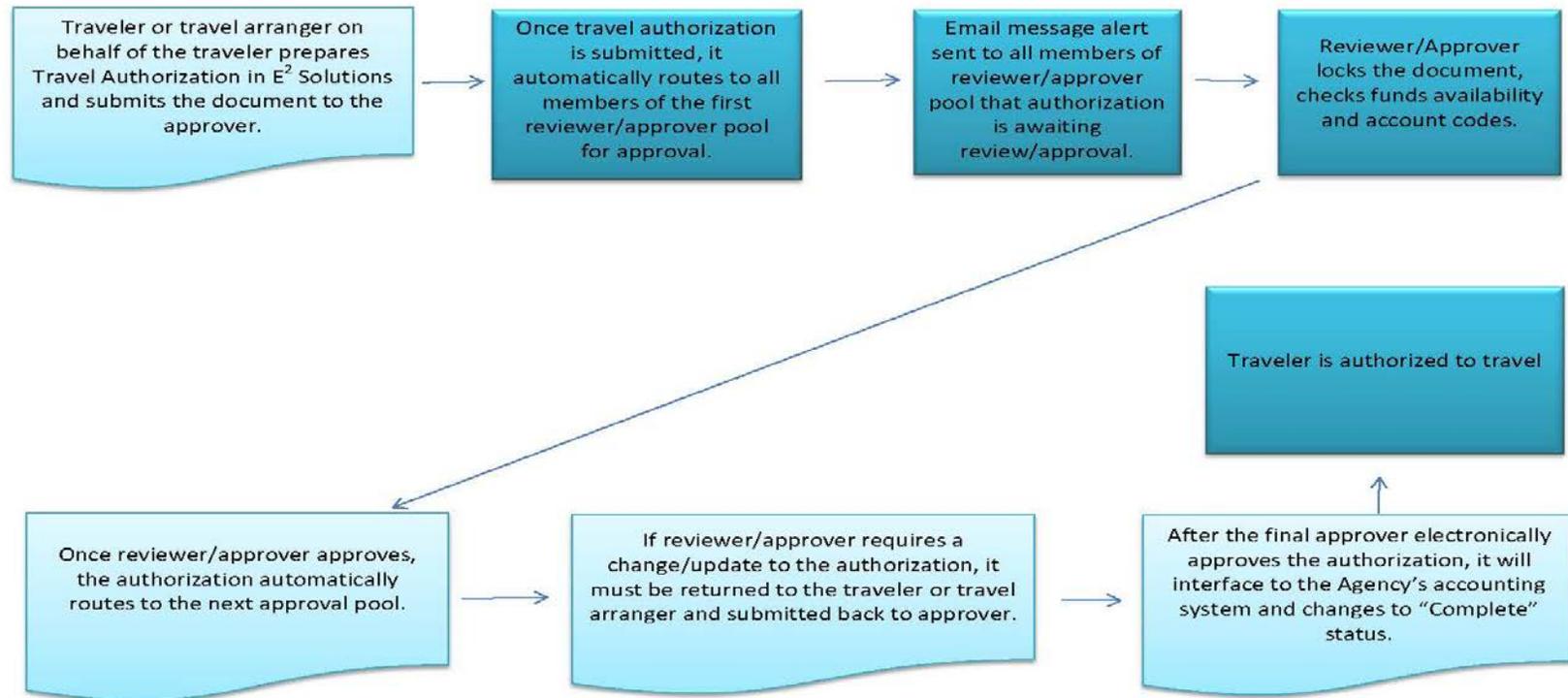
As of July 31, 2015, SSA reported Recommendation 1 was closed. SSA considered Recommendation 2 closed as of October 30, 2015. The Agency did not close Recommendations 3 through 5.

Appendix E – THE SOCIAL SECURITY ADMINISTRATION’S PURCHASE CARD PROCESS

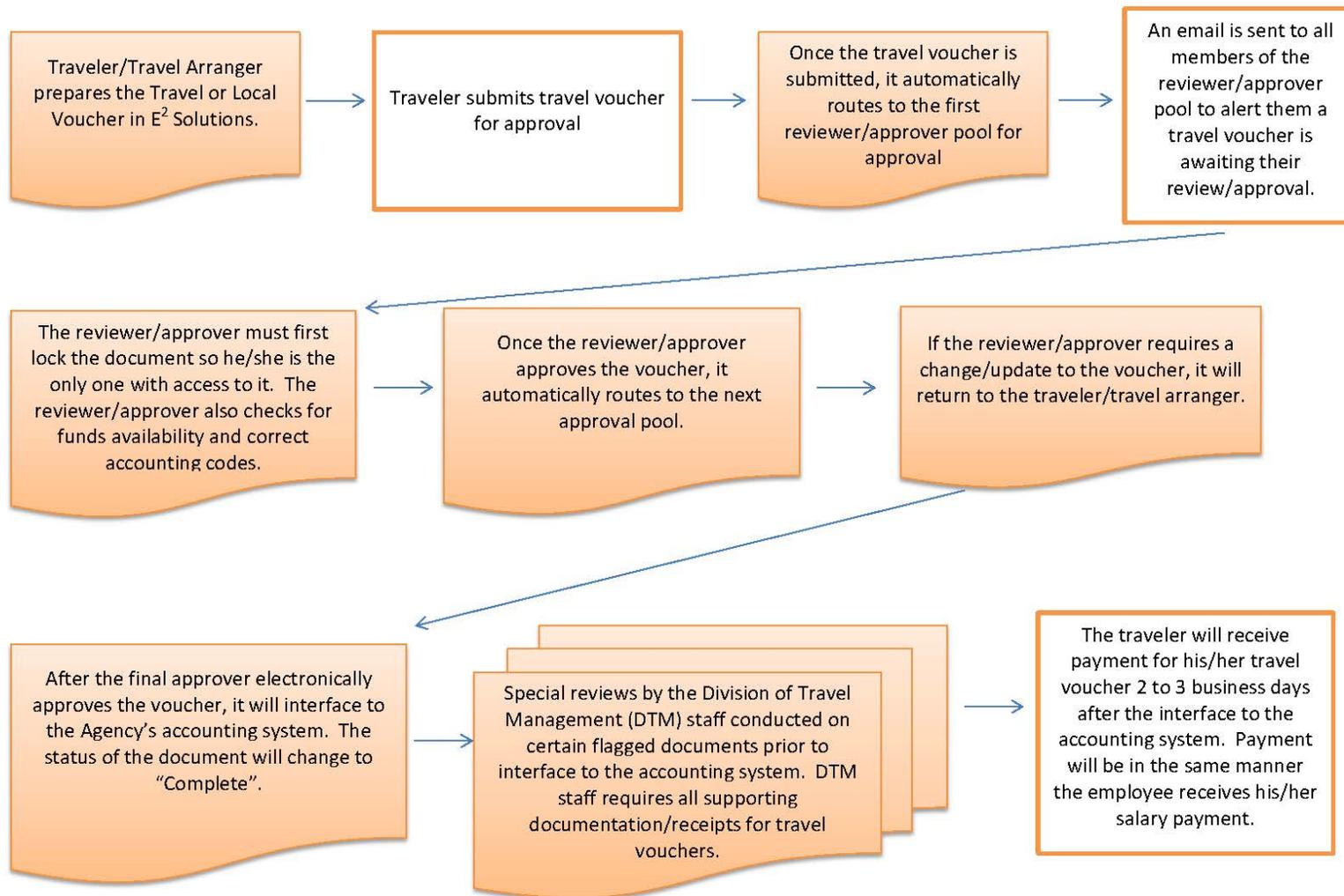


Appendix F – THE SOCIAL SECURITY ADMINISTRATION’S TRAVEL CARD PROCESS

Travel Authorization Process



TRAVEL/LOCAL VOUCHERS



Appendix G – ACKNOWLEDGMENTS

Shirley E. Todd, Director, Evaluation Division

Yvasne Maiga, Audit Manager

Bryan Kaminski, Auditor

Kimberly Beauchamp, Writer-Editor

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