



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Risk Assessment

Fiscal Year 2017 Risk Assessment of
the Social Security Administration's
Charge Card Programs

A-13-18-50457 | January 2018

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: January 19, 2018

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-18-50457)

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, 410-965-9700.



Gale Stallworth Stone

Attachment

Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs

A-13-18-50457



January 2018

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. 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 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 centrally billed accounts for travel. In Fiscal Year (FY) 2017, SSA reported about \$54.2 million in purchase card use and \$9.5 million in travel card expenses. In FY 2017, there were 2,643 active purchase cardholders and 16,066 active travel cardholders and centrally billed accounts. 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 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 May 2017, we initiated a review of certain 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 preliminary findings and the FY 2017 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 2018.

In May 2015, we issued a report on SSA's FY 2013 travel card program. Based on our prior findings and the FY 2017 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>
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).¹ 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.²

The Act tasks Inspectors General with, among other things,

- conducting periodic risk assessments of agencies' purchase card or convenience check programs;³
- 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.⁴

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 the risks of illegal, improper, or erroneous purchases and payments.⁵ 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.⁶

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

² *Government Charge Card Abuse Prevention Act*, §§ 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.

³ SSA does not use convenience checks or integrated charge cards.

⁴ *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1445, p. 1447.

⁵ *Government Charge Card Abuse Prevention Act*, § 3, 126 Stat., p. 1450.

⁶ See Footnote 5.

In January 2017, we issued our Fiscal Year (FY) 2016 risk assessment of SSA's charge card programs.⁷ Our assessment was that SSA had policies and procedures in place to address the requirements in the Act regarding its charge card programs. Based on our review, we determined the risk associated with SSA's use of purchase cards, travel cards, and CBAs was low.

As of September 30, 2017, SSA had about 2,643 active purchase cardholders and approximately 16,066 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 2017, SSA reported about \$54.2 million in purchase card use and approximately \$9.5 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 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 charge cards. In addition to the Act's requirements, SSA has internal controls in place to assist in overseeing its charge card programs.

In May 2017, we initiated a review of certain FY 2017 purchase card transactions as prescribed for the government-wide Council of the Inspectors General on Integrity and Efficiency (CIGIE) Purchase Card Project. Based on our preliminary findings⁸ and the FY 2017 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 2018.

In May 2015, we issued a report on SSA's FY 2013 travel card program.⁹ Based on our prior findings and the FY 2017 data reviewed, we believe the risk associated with SSA's use of travel cards and CBAs is low.

⁷ SSA, OIG, *Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs*, A-13-17-50231 (January 2017).

⁸ SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266.

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

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 to reduce the risk of illegal, improper, and erroneous purchases made using purchase cards. In addition, we reviewed information from our FY 2016 risk assessment¹⁰ and information pertaining to our preliminary findings from our ongoing audit of certain FY 2017 Government purchase card transactions.¹¹ 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. We will issue a report on the results of our purchase card audit for the Government-wide CIGIE Purchase Card Project in FY 2018.

Policies and Procedures

Certain sections of the Agency's policies and procedures had changed since our FY 2016 risk assessment of SSA's charge card programs.¹² For example, SSA issued new instructions governing its competition in acquisitions, handling of unsolicited proposals, and handling its acquisitions fairly and honestly. Our review of the changes determined policies and procedures remained in place to address internal control requirements identified in the Act regarding purchase cards (see Appendix C).

The Agency's 2017 Purchase Card Management Plan addresses many of the Act's requirements. As required,¹³ the Plan outlines policies and procedures the Agency believes are critical to managing its program.¹⁴ One requirement of the Act calls for agencies to establish and maintain safeguards and internal controls to ensure each agency uses effective systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases.¹⁵ Our review of the Plan determined SSA used a variety of systems, techniques, and technologies to prevent or identify such purchases. For example, the Plan states the Agency will continually conduct onsite and remote acquisition management reviews of purchase card activity and provide feedback to the purchase cardholder and approving official.¹⁶ Further, SSA issues acquisition alerts as reminders for cardholders to comply with existing policies and regulations and inform cardholders about new policies and procedures related to the purchase card program.

¹⁰ See Footnote 7.

¹¹ See Footnote 8.

¹² See Footnote 7.

¹³ OMB, *Improving the Management of Government Charge Card Programs*, Circular A-123, Appendix B (January 15, 2009).

¹⁴ SSA, *Purchase Card Management Plan*, § 1, p. 1 (January 31, 2017).

¹⁵ *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, §§ 2-4, 126 Stat. 1445, pp. 1445-1450.

¹⁶ SSA, *Purchase Card Management Plan*, § 4.3, p. 10 (January 31, 2017).

We also reviewed relevant policy- and procedure-related information listed on the OAG's Intranet site and in the SmartPay2 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 had supplemented its policies and procedures required by the Act with internal controls to assist it in managing purchase cards. In its 2017 Purchase Card Management Plan, SSA documented several examples of these controls as best practices and effective methods for managing risk.

For example, the Act requires that each purchase cardholder and official who oversees the use of purchase cards issued by the executive agency receive appropriate training.¹⁷ Further, OMB Circular A-123, Appendix B, requires that all program participants take refresher training, at a minimum, every 3 years.¹⁸

According to the Plan, micro-purchasers, approving officials, and Agency/Organization Program Coordinators must take refresher training every 3 years, after their initial training. To satisfy this training requirement, the Plan states SSA will send an advance notice to all purchase cardholders to retake the Micro-Purchasing training by a specific date. The notice includes the consequences of not completing the refresher training or submitting the self-certification statement to OAG by the specified date.¹⁹

SSA periodically posted Acquisition Alerts to its Intranet to remind employees to comply with existing policies and regulations and inform cardholders about new policies and procedures. For example, on December 23, 2016, SSA published an alert for the *Record Retention Requirement for Micro-Purchase Files*. The alert changed the records retention requirement for micro-purchase files from 3 to 6 years. Therefore, Agency staff must retain FY 2014 micro-purchase files and subsequent FY files for 6 years.

Further, SSA rescinded its March 24, 2016 Acquisition Alert, *Prohibition on Using Third Party Processors*.²⁰ Agency policy no longer prohibits cardholders from using the purchase card to pay for purchases when the payment method is through such third-party payment processors as PayPal, iBill, E-Money, E-Account, Amazon MKT, and Google Checkout.

¹⁷ *Government Charge Card Abuse Prevention Act*, § 2-3, 126 Stat., pp. 1446, 1449.

¹⁸ OMB, *Improving the Management of Government Charge Card Programs*, Circular A-123, Appendix B, § 3.4, p. 6 (January 15, 2009).

¹⁹ SSA, *Purchase Card Management Plan*, § 3.1, p. 4 (January 31, 2017).

²⁰ SSA, *Prohibition on Using Third Party Payment Processors*, 16-01 (March 24, 2016).

Delinquent Accounts and Disciplinary Actions

Agency staff reported there were no delinquent purchase card accounts. However, there was one disciplinary action against a purchase cardholder in FY 2017. Our Office of Investigations reported it had not initiated any cases for alleged purchase card misuse for the same period.

Preliminary Results of the 2017 Purchase Card Audit and Prior Audit Report

The CIGIE Information Technology Committee, in conjunction with several Offices of Inspector General (OIG), initiated a project to assess certain purchase card transactions. Led by the Department of Agriculture OIG, the Purchase Card Project had participating OIGs analyze specific purchase card transactions for their respective Federal agencies. Participating OIGs also reviewed certain transactions made from October 1, 2016 through March 31, 2017. In May 2017, we initiated an audit to review SSA's transactions for this period.²¹ Although we have not completed this audit, we have developed preliminary findings based on work completed as of December 2017.

Our preliminary findings indicated the purchase card transactions reviewed generally complied with the Agency's purchase card policies and procedures. We identified instances where SSA staff performed split purchases as well as an unauthorized commitment of FY 2017 funds. These instances of non-compliance with Agency policies and procedures had limited financial impact—about \$23,000. We will issue a report on the results of our audit in FY 2018.

In May 2016, we issued a report on SSA's FY 2014 Government purchase card program. We found the Agency's compliance with its policies and procedures had generally improved.²² SSA agreed with our five recommendations. See Appendix D for the status of the recommendations.

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 had policies and procedures to reduce the risk of illegal, improper, and erroneous purchases made through its travel card program, including CBAs. We also reviewed information from our FY 2016 risk assessment²³ and audit of SSA's FY 2013 travel card program²⁴ (see Appendix E 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.

²¹ SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project, A-13-17-50266*.

²² SSA, OIG, *The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program, A-13-15-50038*, p. 2 (May 2016).

²³ SSA, OIG, *Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs, A-13-17-50231* (January 2017).

²⁴ SSA, OIG, *The Social Security Administration's Travel Charge Card Program, A-13-14-11414* (May 2015).

Policies and Procedures

We determined there were no significant changes regarding SSA's policies and procedures since our FY 2016 risk assessment. SSA still had policies and procedures to address applicable requirements identified in the Act regarding travel cards and CBAs (see Appendix F). The Agency's 2017 Travel Card Management Plan documents many of the requirements in the Act.

Our review of SSA's 2017 Travel Card Management Plan determined the Agency had policies in place to require that managers review charge card reports, as necessary. SSA policy states all Agency program coordinators review monthly Citibank reports that show all charge card activity for their area of responsibility. These coordinators also review reports that show declined authorizations. These reports show attempted charges that Citibank rejected.²⁵

The Agency established CBAs for transportation charges. A team of accountable officials uses reconciliation reports and data from regional offices to verify the validity of each transaction before payment. After the accountable official receives a report, he/she has 7 workdays to approve the CBAs for payment. Once approved, SSA certifies the CBA bills for payment by the 26th of the month, which ensures that no CBA charge becomes delinquent.²⁶

Additional Internal Controls

Similar to our 2016 assessment, in addition to policies and procedures addressing statutory requirements, SSA has internal controls in place to assist in managing its travel cards. In its 2017 Travel Card Management Plan, SSA documented several examples of these controls as best practices and methods effective in managing risk.

For example, new travel card applicants must consent to a credit check or complete an *Alternate Credit Worthiness Evaluation* (Form SSA-6) if the applicant does not consent to a credit check. Employees who score below the OMB Circular requirement of 660 or successfully complete Form SSA-6 receive a credit limit of \$2,500, rather than the Agency's standard \$10,000 credit limit. In addition, the employee's name goes on a list kept by each regional or Headquarters coordinator to re-evaluate the employee's credit status when the card is renewed.²⁷

²⁵ SSA, *Travel Card Management Plan*, § 4.4, p. 14 (January 31, 2017).

²⁶ SSA, *Travel Card Management Plan*, § 4.2, p. 10 (January 31, 2017).

²⁷ SSA, *Travel Card Management Plan*, § 4.1, p. 9 (January 31, 2017).

Delinquent Accounts and Disciplinary Actions

We obtained and reviewed information regarding delinquent travel card accounts and disciplinary actions against travel cardholders in FY 2017. Staff reported there were delinquent travel card accounts in each month. The total amount for delinquent travel card accounts at least 90 days past due ranged from about \$5 to \$8,539 in 44 instances of delinquency.²⁸

For FY 2017, the highest occurrence of delinquency accounts in a month totaled less than 1 percent of active travel cardholders. Agency staff reported 19 disciplinary actions against employees for inappropriate travel card use.²⁹ Our Office of Investigations reported no cases for alleged 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.³⁰ Generally, SSA had complied with its travel charge card policies and procedures. Although we identified some instances of non-compliance with the Agency's policies and procedures, these instances did not involve a significant number of employees or have a significant monetary impact. As of October 2016, SSA had closed the five recommendations we made to address the deficiencies 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 the period October 1, 2016 through September 30, 2017, the Agency reported no delinquent accounts and one disciplinary action pertaining to the misuse of purchase cards. Our preliminary findings were that the purchase card transactions reviewed generally complied with the Agency's purchase card policies and procedures. The instances of non-compliance we identified had limited financial impact. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's use of purchase card program as low.

²⁸ The Agency provided a list of account delinquencies that were at least 90 days past due. We totaled the number of delinquent accounts in each month in FY 2017. 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.

²⁹ Inappropriate use of the travel card includes misuse, unauthorized use, delinquent payments, and inadvertent use.

³⁰ See Footnote 24.

For the period October 1, 2016 through September 30, 2017, the Agency reported delinquent travel card accounts and 19 disciplinary actions against employees for inappropriately using their travel cards. Our FY 2015 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 written in a cursive, flowing style.

Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

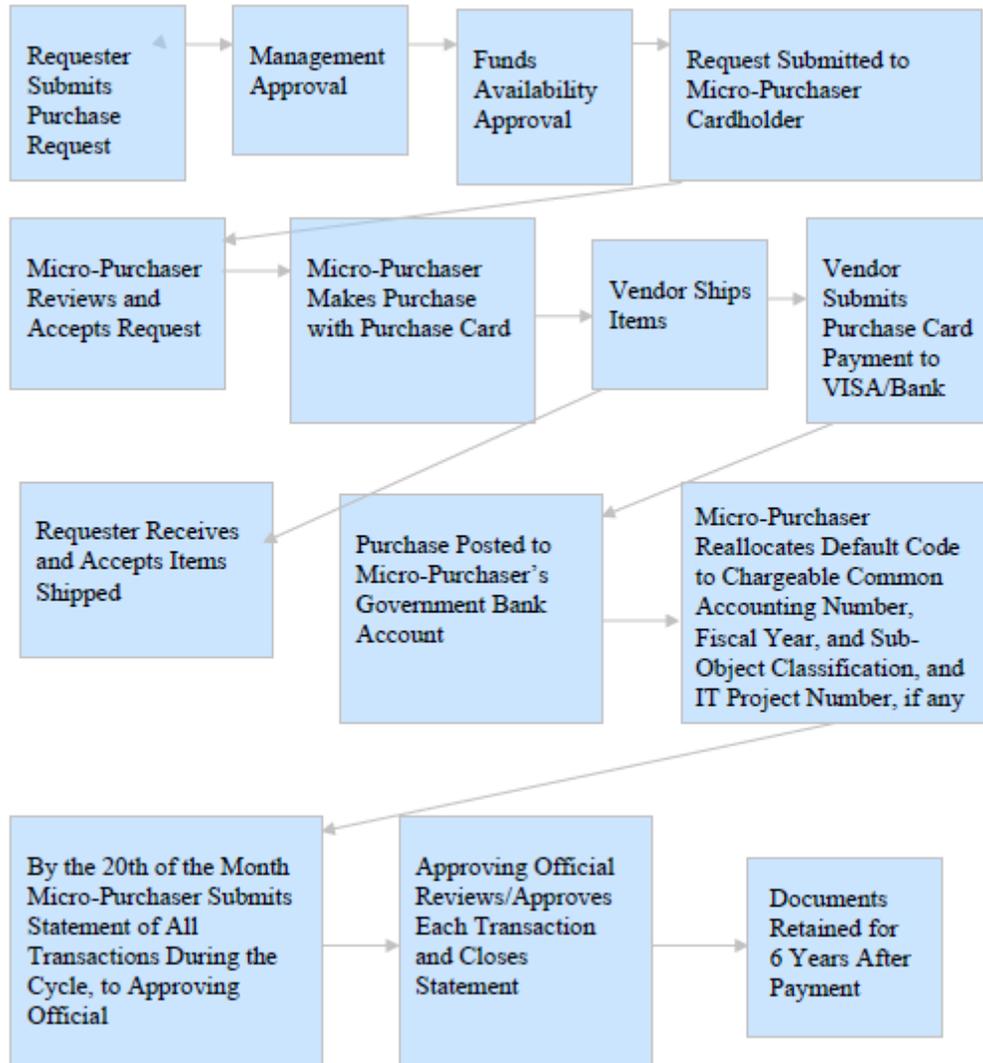
To accomplish our objective, we:

- 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 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 2016 and 2017.
- 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 travel card accounts for the period October 1, 2016 through September 30, 2017.
- Obtained and reviewed reports on delinquent purchase card accounts for the period October 1, 2016 through September 30, 2017.
- Obtained statistics on disciplinary actions against SSA employees for misuse of travel charge cards for the period October 1, 2016 through September 30, 2017.
- Obtained statistics on disciplinary actions against SSA employees for misuse of a purchase card for the period October 1, 2016 through September 30, 2017.
- 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 August through November 2017.

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

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



Appendix C – 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 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.

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

- 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

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 our FY 2016 risk assessment,² we stated SSA reported all five recommendations for the travel card audit³ were closed in 2016. For FY 2017, we will only report on the status of the purchase card audit recommendations.

Purchase Card Audit

In May 2016, we issued a report on SSA’s FY 2014 Government purchase card program.⁴ Our objectives were to review SSA’s use of purchase cards in FY 2014 and examine the Agency’s actions to address the recommendations in our March 2010 report.⁵

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

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.

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

² SSA, OIG, *Fiscal Year 2016 Risk Assessment of the Social Security Administration’s Charge Card Programs*, A-13-17-50231 (January 2017).

³ SSA, OIG, *The Social Security Administration’s Travel Card Program*, A-13-14-11414 (May 2015).

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

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

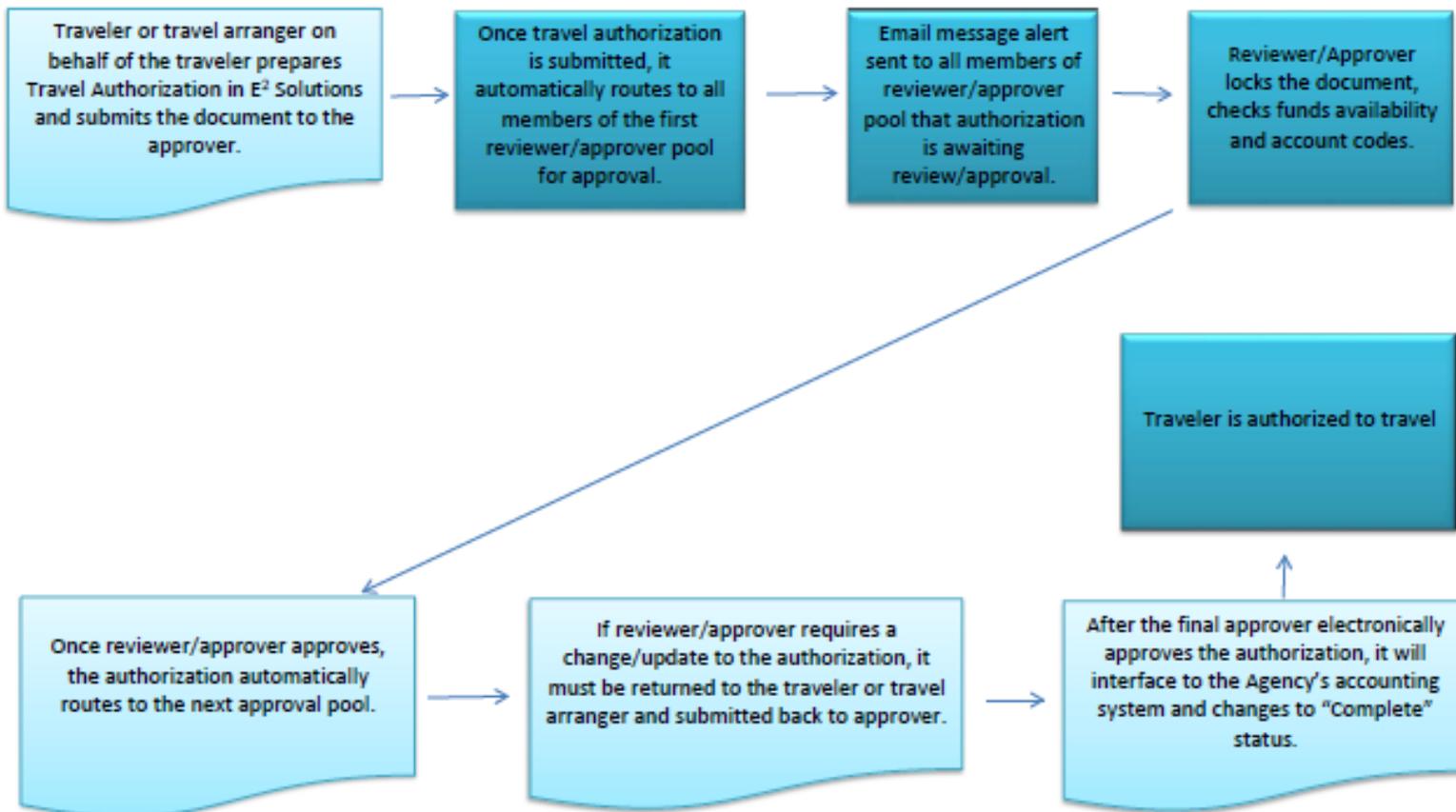
3. Implement a verification process to ensure purchase card training completion, certification, and other related information are included in the applicable training records.
4. Remind approving officials to timely complete all required actions of purchase card termination when an employee leaves to 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

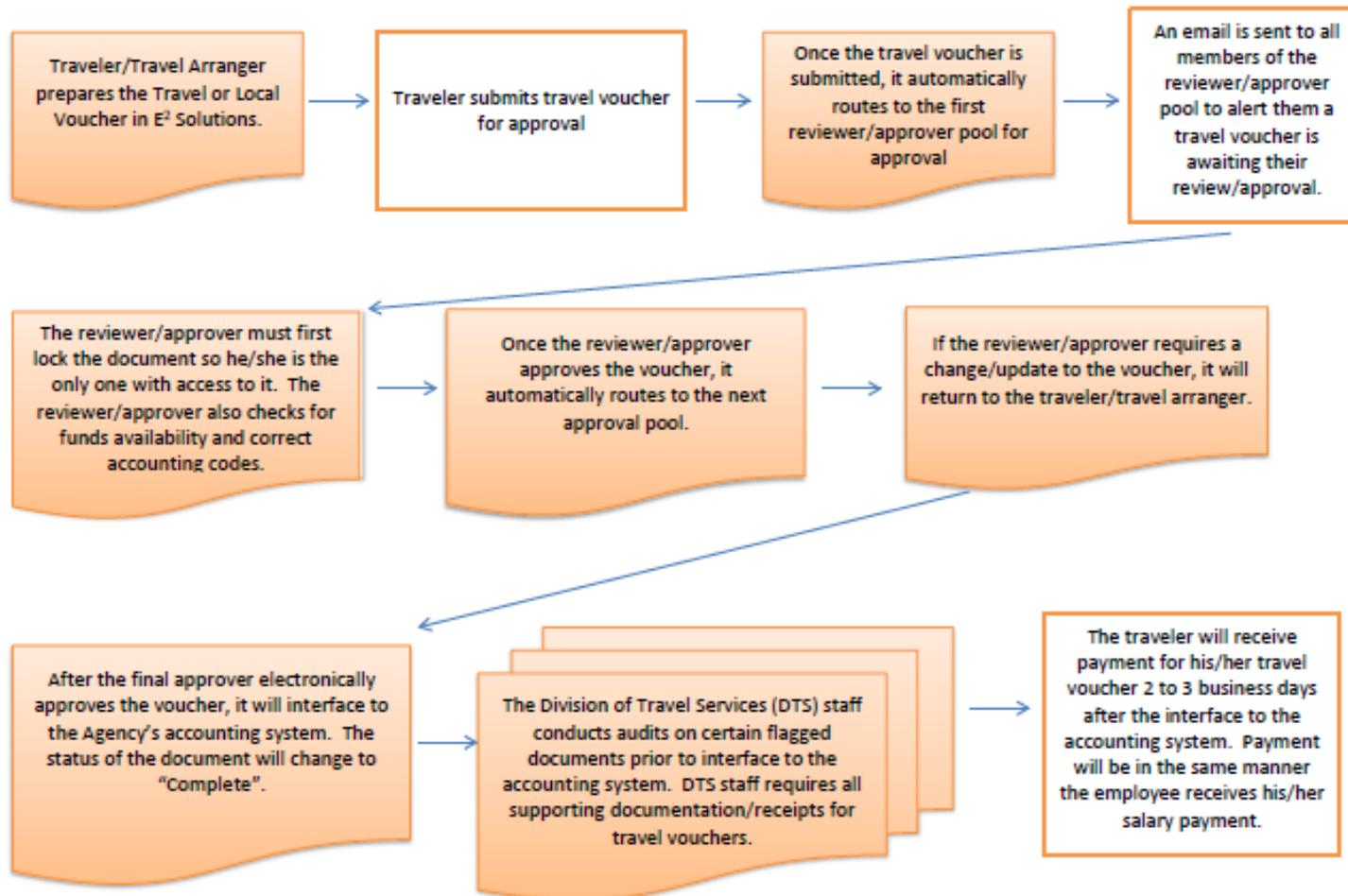
SSA reported it closed Recommendations 1 through 4 in 2016. As of November 2017, SSA had not closed Recommendation 5. The Agency determined the questionable weekend transaction was valid, and no further actions were required because it terminated the employee's acquisition authority and closed the purchase card account in 2015. In addition, SSA evaluated the Office of the Inspector General's methodology for identifying transactions that occurred over a weekend. The Agency reported it is analyzing data to determine whether it should add this process to its ongoing acquisition management review process and plans to complete the analysis by January 31, 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

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 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.
- 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

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

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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