



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Risk Assessment*

Fiscal Year 2019 Risk Assessment of  
the Social Security Administration's  
Charge Card Programs

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** October 6, 2020

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Fiscal Year 2019 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-18-50711)

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 Michelle L. Anderson, Assistant Inspector General for Audit, at 410-965-9700.



Gail S. Ennis

Attachment

# Fiscal Year 2019 Risk Assessment of the Social Security Administration's Charge Card Programs

## A-13-18-50711



October 2020

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 (CBA). 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. In addition, SSA uses CBAs for transportation costs when travel reservations are made using the Travel Management Service. In Fiscal Year (FY) 2019, SSA reported about \$59 million in purchase card expenses and \$10 million in travel card expenses. In October 2019, there were 2,338 active purchase cardholders and 15,079 active travel cardholders and CBAs. SSA did not use convenience checks or integrated charge cards, so our risk assessment only addressed purchase cards, travel cards, and CBAs.

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 February 2018, we issued a report on SSA's FY 2017 purchase card transactions, as prescribed by the Government-wide Council of the Inspectors General on Integrity and Efficiency Purchase Card Project. Based on our prior audit findings, FY 2019 data we reviewed, and limited testing of FY 2019 transactions, we believe the risk associated with SSA's use of purchase cards is low.

In May 2015, we issued a report on SSA's FY 2013 travel card program. Based on our prior findings, FY 2019 data reviewed, and limited testing of FY 2019 transactions, we believe the risk associated with SSA's use of travel cards and CBAs 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
GSA	General Services Administration
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PCAP	Purchase Card Application Portal
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).<sup>1</sup> 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.<sup>2</sup>

The Act tasks Inspectors General with, among other things,

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

The Act also 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.<sup>5</sup> 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.<sup>6</sup>

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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> Pub. L. No. 112-194, § 2, 126 Stat., p. 1446. 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> SSA does not use convenience checks or integrated charge cards.

<sup>4</sup> Pub. L. No. 112-194, § 2, 126 Stat. 1445, p. 1447.

<sup>5</sup> Pub. L. No. 112-194, § 3, 126 Stat. 1445, p. 1450.

<sup>6</sup> See Footnote 5.

In January 2019, we issued our Fiscal Year (FY) 2018 risk assessment of SSA's charge card programs.<sup>7</sup> 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.

In October 2019, SSA had 2,338 active purchase cardholders and 15,079 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 in FY 2019. See Appendix A for our scope and methodology.

Within SSA's Office of the Deputy Commissioner for Budget, Finance, and Management (1) the Office of Acquisition and Grants manages the purchase card program, and (2) 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. In addition, SSA uses CBAs for transportation costs when travel reservations are made using the Travel Management Service.<sup>8</sup> In FY 2019, SSA reported about \$59 million in purchase card expenses and approximately \$10 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 had 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 had internal controls in place to assist with overseeing its charge card programs.

In February 2018, we issued a report on SSA's FY 2017 purchase card transactions, as prescribed for the Government-wide Council of the Inspectors General on Integrity and Efficiency Purchase Card Project.<sup>9</sup> Based on our audit findings, FY 2019 data we reviewed, and limited testing, we believe the risk associated with SSA's use of purchase cards is low.

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<sup>7</sup> SSA, OIG, *Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs*, A-13-18-50547 (January 2019).

<sup>8</sup> As part of the travel card program, the Agency established CBAs for certain transportation charges.

<sup>9</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

In May 2015, we issued a report on SSA's FY 2013 travel card program.<sup>10</sup> Based on our prior findings, FY 2019 data reviewed, and limited testing, we believe the risk associated with SSA's use of travel cards and CBAs is low.

## Purchase Card Assessment

Based on our assessment of SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions, we determined the Agency had policies and procedures to reduce the risk of illegal, improper, and erroneous purchases made using purchase cards in FY 2019. In addition, based on our review of information from our FY 2018 risk assessment<sup>11</sup> and audit of certain FY 2017 Government purchase card transactions<sup>12</sup> as well as our limited transaction testing, we believe the risk associated with purchases made in FY 2019 and using purchase cards is low. See Appendix B for the purchase card process.

### *Policies and Procedures*

In February 2019, SSA transitioned from General Services Administration (GSA) SmartPay<sup>®</sup>2 Master Contract to GSA SmartPay<sup>®</sup>3 Master Contract for purchase card services. However, there were no significant changes regarding SSA's purchase card program policies and procedures since our FY 2018 risk assessment.<sup>13</sup>

SSA still had policies and procedures to address applicable requirements identified in the Act regarding purchase cards (see Appendix C). The Agency's 2019 Purchase Card Management Plan addresses many of the Act's requirements and outlines policies and procedures the Agency believes are critical to managing its program.<sup>14</sup>

Our review of the Plan determined SSA used a variety of systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases. For example, the Plan indicates SSA uses merchant category code blocking to prohibit inappropriate purchases at liquor stores, casinos, etc. In addition, the Agency restricts the purchase of certain supplies or services.<sup>15</sup>

We also found relevant policy and procedure-related information on the Office of Acquisition and Grants' Intranet Website and Administrative Instructions Manual System. The policies and procedures on the Website and in the Manual were intended to reduce the risk of illegal, improper, or erroneous purchases occurring in the Agency's charge card program.

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

<sup>11</sup> See Footnote 7.

<sup>12</sup> See Footnote 9.

<sup>13</sup> See Footnote 7.

<sup>14</sup> SSA, *Purchase Card Management Plan*, § 1, p. 1 (January 31, 2019).

<sup>15</sup> SSA, *Purchase Card Management Plan*, § 4.4, pp. 11 through 15 (January 31, 2019).



## *Additional Internal Controls*

As in 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. The Act requires that each executive agency ensure payments on purchase card accounts are made promptly within prescribed deadlines to avoid interest penalties.<sup>16</sup> In its Purchase Card Management Plan, SSA documented controls, practices, and procedures related to timely, accurate, and appropriate purchase card payment.<sup>17</sup>

For example, OMB Circular A-123, Appendix B, requires that SSA report the ratio of approving officials to purchase cardholders to OMB.<sup>18</sup> Further, neither OMB Circular A-123 nor the Act require a specific ratio of purchase cardholders to approving officials. The Agency strives to maintain a ratio of no more than 10 cardholders to 1 approving official.<sup>19</sup> SSA's Purchase Card Management Plan states the ratio of cardholders to approving officials is generally three-to-one depending on the component's size and cardholders' purchasing activity.

SSA periodically posts Acquisition Alerts to its Intranet site to remind employees to comply with existing policies and regulations and inform cardholders about new policies and regulations. For example, in May 2019, SSA published an alert on *Information Technology Micro-Purchase Acquisitions Requirements*. This Alert explains that the Office of Systems must review and approve acquisitions for any kind of information technology before its purchase. The policy applies to all acquisitions, regardless of dollar value.<sup>20</sup>

In response to a draft of this report, SSA stated that its "Purchase Card Application Portal (PCAP), an electronic purchase card application routing system that automates various purchase card processes, greatly improves the Agency's ability to manage the purchase card program." SSA further stated, "the most recent PCAP update took place in August 2020 and allows SSA to inactivate purchase cards in real time with daily updates on employees who separate from the agency, eliminate duplicate card applications sent to Citibank, limit the number of cardholders in an office, and electronically store cardholder applications and notices of Delegation of Acquisition Authority." We plan to obtain and review information about PCAP during our FY 2020 periodic assessment of SSA's charge card programs.

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<sup>16</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1446 (2012).

<sup>17</sup> SSA, *Purchase Card Management Plan*, § 4.2, p. 9 (January 31, 2019).

<sup>18</sup> OMB, *Risk Management Framework for Government Charge Card Plans*, Circular A-123, Appendix B, Section 5.3.1, pp. 26 and 27 (2019).

<sup>19</sup> SSA, *Purchase Card Management Plan*, § 2.2, p. 3 (January 31, 2019).

<sup>20</sup> SSA, *Acquisition Alerts, Information Technology Micro-Purchase Acquisitions Requirements*, 19-03 (May 6, 2019).

## *Delinquent Accounts and Disciplinary Actions*

Agency staff reported there were no delinquent purchase card accounts and only one disciplinary action against purchase cardholders in FY 2019. The individual was terminated for unauthorized and inappropriate use of the purchase card. Our Office of Investigations reported it had no allegations or cases of purchase card misuse for the same period.

## *Prior Audit and Review of Fiscal Year 2019 Transactions*

In February 2018, we issued a report on our review of certain purchase card transactions made from October 1, 2016 through March 31, 2017. Generally, we found purchase card transactions complied with the Agency's purchase card policies and procedures. However, we identified three instances of split purchases and one instance that involved the unauthorized commitment of FY 2017 funds. We recommended that SSA complete applicable corrective actions pertaining to the split purchases and the unauthorized commitment of FY 2017 funds. SSA closed our recommendation (see Appendix D).<sup>21</sup>

In addition to our prior audit, we conducted limited testing of FY 2019 purchase card transactions. Test results served as an indicator for the effectiveness of policies and procedures as well as whether we can continue to rely on prior audit results as of the time of our assessment. We selected and reviewed 21 purchase card transactions that were made in March 2019 and found no significant findings.

## **Travel Card Assessment**

Based on our assessment of SSA's policies and procedures, additional internal controls, delinquent accounts, and disciplinary actions, we determined the Agency had policies and procedures to reduce the risk of illegal, improper, and erroneous purchases made through its travel card program, including CBAs in FY 2019. In addition, based on our review of information in our FY 2018 risk assessment<sup>22</sup> and audit of SSA's FY 2013 travel card program<sup>23</sup> as well as our limited transaction testing, we believe the risk associated with purchases made in FY 2019 and using travel cards and CBAs is low. See Appendix E for the travel card process.

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<sup>21</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266, p. 5 (February 2018).

<sup>22</sup> SSA, OIG, *Fiscal Year 2018 Risk Assessment of the Social Security Administration's Charge Card Programs*, A-13-18-50547 (January 2019).

<sup>23</sup> SSA, OIG, *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

## *Policies and Procedures*

SSA still had policies and procedures to address applicable requirements identified in the Act regarding travel cards and CBAs. As required,<sup>24</sup> the 2019 Travel Card Management Plan outlines policies and procedures the Agency believes are critical to managing its program.<sup>25</sup> One requirement of the Act calls for agencies to provide appropriate training to each travel charge cardholder and official responsible for overseeing the use of travel charge cards.<sup>26</sup> SSA policy requires that all new travel card applicants and Agency Program Coordinators be trained before they are appointed. In addition, the policy requires that travel card program participants, Coordinators, and approving officials take refresher training every 3 years and cardholders take refresher training when their card expires.<sup>27</sup>

SSA had changed certain policies and procedures since our FY 2018 risk assessment. For example, SSA issued new instructions explaining when an employee makes his/her airline reservation with a vendor other than the contracted Travel Management Service, the Agency will not reimburse that employee for the cost of a commercial fare that exceeds the GSA contract airline fare.<sup>28</sup> Our review of the changes made since our last assessment determined policies and procedures were still in place to address internal control requirements identified in the Act regarding travel cards and CBAs.

The Agency transitioned from GSA SmartPay<sup>®</sup> 2 Master Contract to GSA SmartPay<sup>®</sup> 3 Master Contract for travel card services in November 2018. However, there were no significant changes to the policies and procedures as a result of the new contract.

## *Additional Internal Controls*

As in our 2018 assessment, in addition to policies and procedures that addressed statutory requirements, SSA had internal controls in place to assist in managing its travel cards. In its 2019 Travel Card Management Plan, SSA documented several examples of these controls as best practices and effective methods in managing risk.

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<sup>24</sup> OMB, *A Risk Management Framework for Government Charge Card Programs*, Circular A-123, Appendix B (2019).

<sup>25</sup> SSA, *Travel Card Management Plan*, § 1, p. 1 (January 31, 2019).

<sup>26</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 3, 126 Stat. 1445, p. 1449 (2012).

<sup>27</sup> SSA, *Travel Card Management Plan*, §§ 3.1 and 3.2, pp. 4 through 7 (January 31, 2019).

<sup>28</sup> SSA, *AIMS, Financial Management Manual*, ch. 07.09, sec. 07.09.08 (August 5, 2020).

For example, to minimize the risk of unauthorized travel card use by employees who terminate employment with the Agency, SSA requires that supervisors advise these employees to shred or cut up the card. In addition, the supervisor ensures the cardholder/Agency Program Coordinator informs the bank to close the account. Further, the lead Agency Program Coordinator reviews the list of cardholders to identify those who have left the Agency and closes the accounts.<sup>29</sup>

### *Delinquent Accounts and Disciplinary Actions*

We reviewed information regarding delinquent travel card accounts and disciplinary actions against travel cardholders in FY 2019. Agency staff reported, in FY 2019, there were 21 delinquent travel card accounts that were at least 90 days past due. The total delinquent amounts ranged from \$15 to \$4,855.<sup>30</sup>

In FY 2019, the highest occurrence of delinquent accounts in a month totaled less than 1 percent of active travel cardholders. Agency staff reported disciplinary actions against 11 employees for inappropriate travel card use. Our Office of Investigations reported no allegations or cases of travel card or CBA misuse for the same period.

### *Prior Audit and Review of Fiscal Year 2019 Transactions*

In May 2015, we issued a report on SSA's FY 2013 travel card program.<sup>31</sup> Generally, SSA complied with its travel 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. SSA closed the five recommendations we made to address the deficiencies we identified.

In addition to using our prior audit, we conducted limited testing of FY 2019 travel card transactions. Test results served as an indicator for the effectiveness of policies and procedures and whether we can continue relying on prior audit results as of the time of our assessment. We reviewed 15 travel card transactions made in March 2019 and found no significant findings.

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<sup>29</sup> SSA, *Travel Card Management Plan*, § 2.3, pp. 3 and 4 (January 2019).

<sup>30</sup> SSA provided a list of account delinquencies that were at least 30 days past due. We totaled the number of delinquent accounts in each month in FY 2019 that were at least 90 days past due. 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.

<sup>31</sup> SSA, OIG, *The Social Security Administration's Travel Charge Card Program*, A-13-14-11414 (May 2015).

## 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 FY 2019, the Agency reported there were no delinquent accounts and one disciplinary action pertaining to the misuse of purchase cards. Our prior audit of certain transactions determined SSA generally complied with its purchase card policies and procedures. The findings had limited monetary impact. Our limited testing of FY 2019 purchase card transaction testing found no significant findings. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's use of purchase card program as low.

For FY 2019, the Agency reported 21 delinquent travel card accounts and disciplinary actions against 11 employees for inappropriately using their travel cards. Our prior audit report on the Agency's travel card program found 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. Our limited testing of FY 2019 travel card transaction testing found no significant findings. Therefore, we assessed the risk of illegal, improper, and erroneous purchases made through SSA's travel card program and CBA activities as low.



Michelle L. Anderson  
Assistant Inspector General for Audit

# *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 of Management Framework for Government Charge Card Program* (2019).
- Reviewed Social Security Administration (SSA) policies and procedures related to charge cards.
- Reviewed prior Office of the Inspector General reports on the *Social Security Administration’s Travel Charge Card Program* (A-13-14-11414) 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 2018 and 2019.
- 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 of Management Framework for Government Charge Card Program* (2019).
- Obtained purchase charge card data for March 2019 from Citibank.<sup>1</sup> This included 10,170 purchase card transactions totaling approximately \$5.8 million. Based on our analysis, we selected, and conducted limited testing on, 21 purchase card transactions that were made in March 2019. Our limited testing consisted of reviewing the transactions for compliance with SSA’s policies and procedures related to the purchase card program.
- Obtained travel charge card data for March 2019 from Citibank and E<sup>2</sup> Solutions<sup>2</sup> that comprised 2,519 non-local travel charge card transactions totaling approximately \$1.2 million and 36 centrally billed account (CBA) Citibank travel charge card transactions totaling approximately \$15,000. Based on our analysis, we selected and conducted limited testing on 10 non-local and 5 CBA travel card transactions that were made in March 2019. Our limited testing consisted of reviewing the transactions for compliance with SSA’s policies and procedures related to the travel card program.
- Obtained and reviewed reports on delinquent purchase card accounts for the period October 1, 2018 through September 30, 2019.
- Obtained and reviewed reports on delinquent travel card accounts for the period.
- Obtained statistics on disciplinary actions against SSA employees for misuse of a purchase card for the period.

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<sup>1</sup> Citibank provides credit card services for SSA’s credit card programs.

<sup>2</sup> E<sup>2</sup> Solutions is a Web-based travel and expense management tool. It allows users to create and track travel authorizations, get authorization approvals, submit travel vouchers, receive travel reimbursements, and book travel reservations.

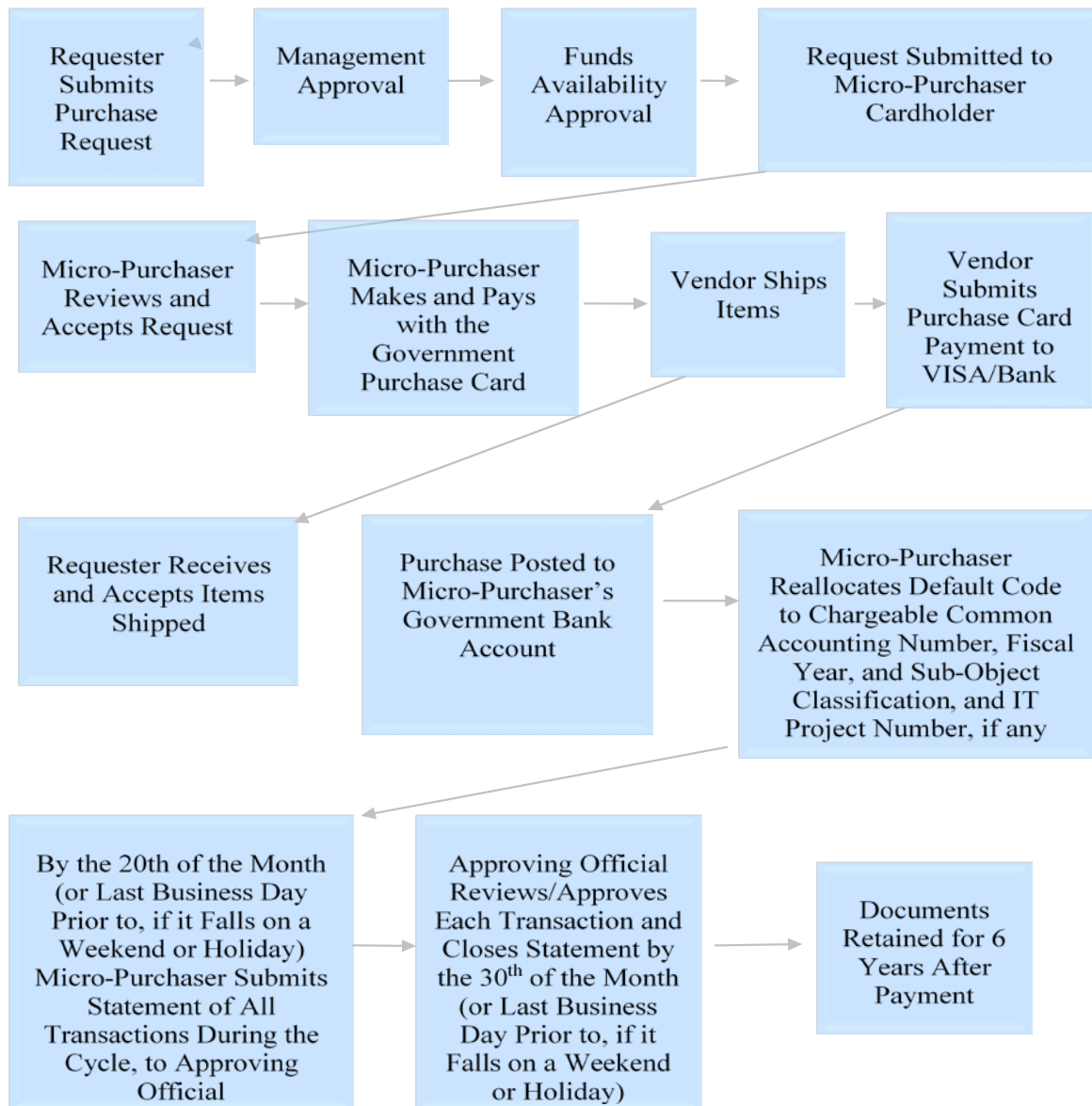
- Obtained statistics on disciplinary actions against SSA employees for misuse of travel charge cards for the period.
- Obtained information about purchase and travel card misuse from our Office of Investigations.

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 July 2019 through July 2020. We reviewed information provided by SSA pertaining to its FY 2019 charge card programs. During our review, nothing came to our attention that would indicate the information provided was not reliable.



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

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

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The *Government Charge Card Abuse Prevention Act of 2012*<sup>1</sup> 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.

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<sup>1</sup> *Government Charge Card Abuse Prevention Act of 2012*, Pub. L. No. 112-194, § 2, 126 Stat. 1445, pp. 1445 and 1446 (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 D– THE SOCIAL SECURITY ADMINISTRATION’S CORRECTIVE ACTIONS ON PRIOR RECOMMENDATIONS

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Appendix B to Circular No. A-123, *A Risk Management Framework for Government Charge Card Programs*, states Inspectors General will report to the Director of the Office of Management and Budget (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>

In our Fiscal Year (FY) 2017 risk assessment, we stated the Social Security Administration (SSA) reported all five recommendations for the travel card audit<sup>2</sup> were closed in 2016.<sup>3</sup> In addition, SSA closed the five recommendations from the 2016 purchase card audit<sup>4</sup> in 2018. Therefore, we will only report on the status of the 2018 purchase card audit recommendations.

### 2018 Purchase Card Audit

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Information Technology Committee, in conjunction with several Offices of Inspector General, initiated a project to assess certain purchase card transactions. In February 2018, we issued a report on our review of SSA’s transactions for October 1, 2016 through March 31, 2017. Our objective was to review SSA purchase card transactions, as prescribed for the Government-wide CIGIE Purchase Card Project.<sup>5</sup> We recommended SSA complete applicable corrective actions pertaining to the split purchases and the unauthorized commitment of FY 2017 funds.

#### *Status of Recommendation*

The Agency agreed to review split purchases and unauthorized commitment of funds and take corrective action. 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.

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

<sup>2</sup> SSA, OIG, *The Social Security Administration’s Travel Card Program*, A-13-14-11414, p. 8 (May 2015).

<sup>3</sup> SSA, OIG, *Fiscal Year 2017 Risk Assessment of the Social Security Administration’s Charge Card Programs*, A-13-18-50457, p. 7 (January 2018).

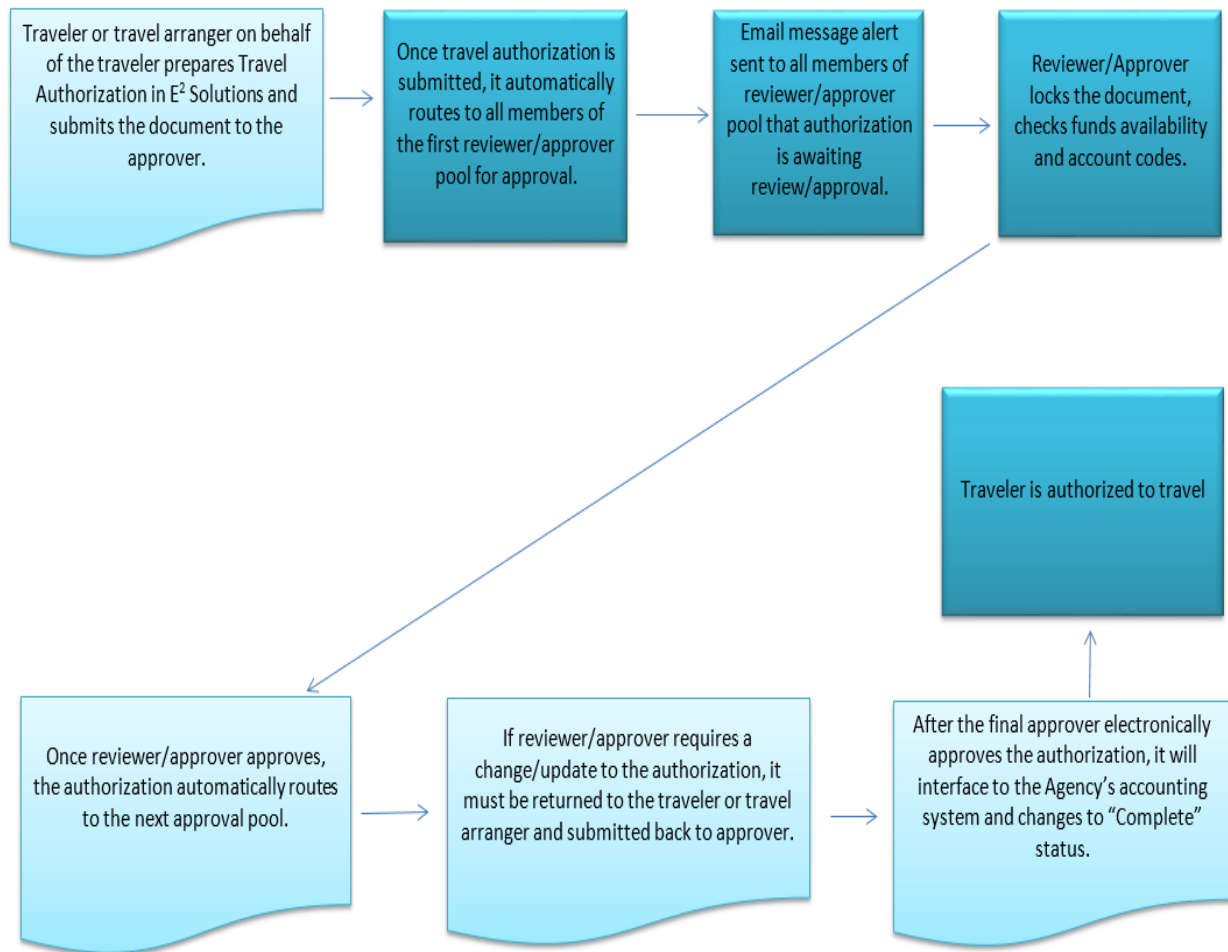
<sup>4</sup> SSA, OIG, *The Social Security Administration’s Fiscal Year 2014 Government Purchase Card Program*, A-13-15-50038, p. 8 (May 2016).

<sup>5</sup> SSA, OIG, *Council of the Inspectors General on Integrity and Efficiency Purchase Card Project*, A-13-17-50266 (February 2018).

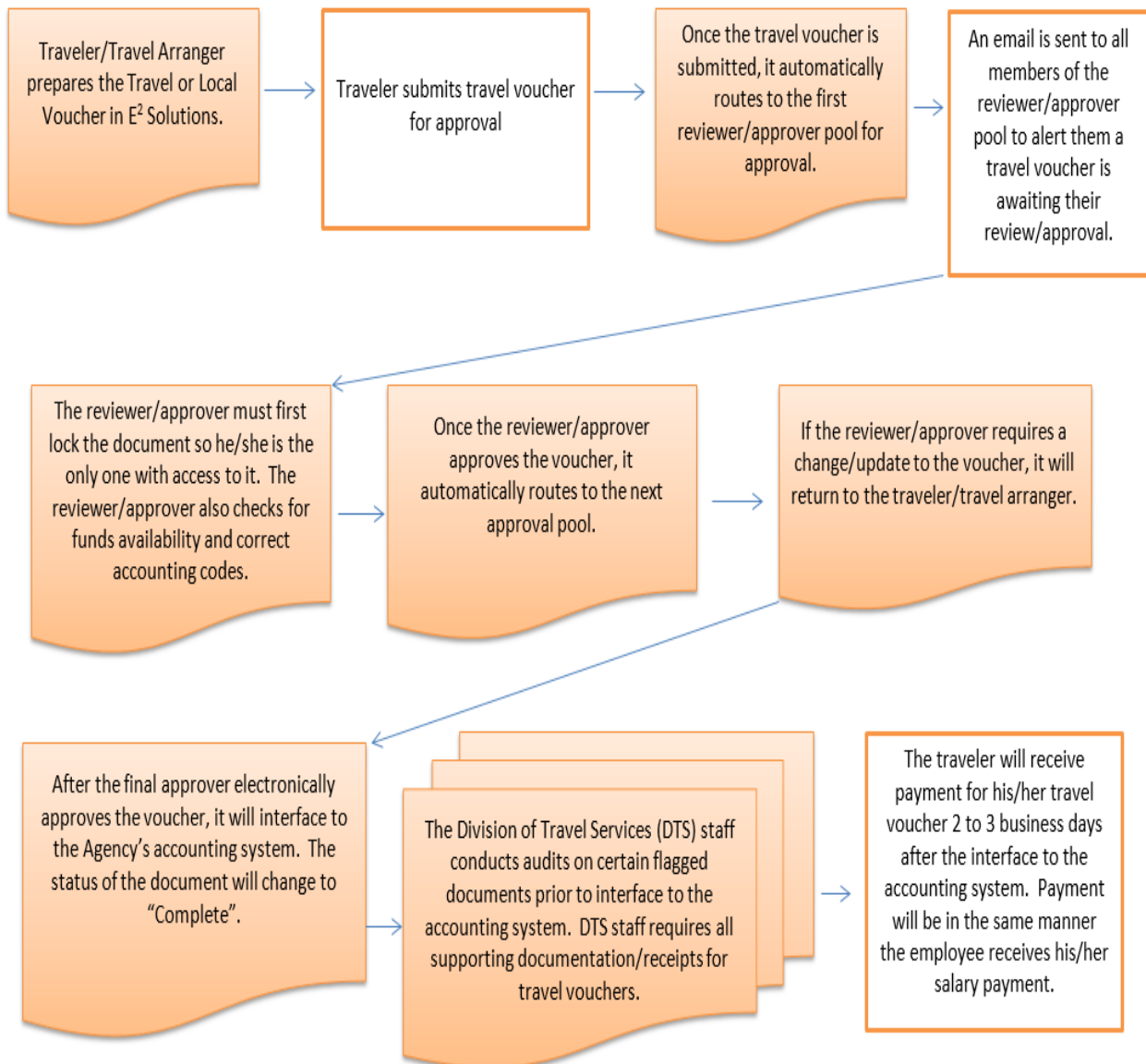
## Appendix E – THE SOCIAL SECURITY ADMINISTRATION’S TRAVEL CARD PROCESS

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### Travel Authorization Process



# TRAVEL/LOCAL VOUCHERS





## Appendix F – THE *GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT OF 2012* FOR TRAVEL CARD AND CENTRALLY BILLED ACCOUNTS

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The *Government Charge Card Abuse Prevention Act of 2012*<sup>1</sup> (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.

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

- 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 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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