



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Evaluation Report*

Fiscal Year 2016 Risk Assessment of  
the Social Security Administration's  
Charge Card Programs

*A-13-17-50231 | January 2017*

**MEMORANDUM**

**Date:** January 26, 2017

**Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs (A-13-17-50231)

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, at 410-965-9700.

  
Gale Stallworth Stone

Attachment

# Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs

## A-13-17-50231



January 2017

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) 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) 2016, SSA reported about \$65 million in purchase card use and approximately \$18 million in travel card expenses. As of October 2016, there were about 2,700 active purchase cardholders and approximately 16,000 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 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 by the Act.

In May 2016, we issued a report on SSA's FY 2014 purchase card program. Based on our prior findings and the FY 2016 data we reviewed, 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 and the FY 2016 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>
APC	Agency Program Coordinator
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

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>

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

<sup>2</sup> *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.

<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, 1447 (2012).

<sup>5</sup> Pub. L. No. 112-194 § 3, 126 Stat. 1445, 1450 (2012).

<sup>6</sup> *Id.*

In January 2016, we issued our Fiscal Year (FY) 2015 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.”

As of October 2016, SSA had about 2,700 active purchase cardholders and approximately 16,000 active travel cardholders and centrally billed accounts. 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.

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 2016, SSA reported about \$65 million in purchase card use and approximately \$18 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 May 2016, we issued a report on SSA’s FY 2014 purchase card program.<sup>8</sup> We found SSA’s compliance with its purchase card policies and procedures had generally improved. Our findings either identified documentation-related issues or had a limited monetary impact. Based on our findings and the FY 2016 data we reviewed, 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 2015 Risk Assessment of the Social Security Administration’s Charge Card Programs* (A-13-16-50061), January 2016.

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

In May 2015, we issued a report on SSA’s FY 2013 travel card program.<sup>9</sup> Based on our prior findings and the FY 2016 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 to reduce the risk of illegal, improper, and erroneous purchases made using purchase cards. In addition, we reviewed information from our FY 2015 risk assessment and audit of SSA’s FY 2014 Government purchase card program.<sup>10, 11</sup> 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.

### *Policies and Procedures*

Certain sections of the Agency’s policies and procedures had changed since our FY 2015 risk assessment of SSA’s charge card programs.<sup>12</sup> For example, SSA issued instructions governing its acquisition and grants management program, guidelines on ratifying an unauthorized commitment, and instructions to employees concerning contact with vendors attempting to sell the Agency supplies or services. 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 C).

The Agency’s 2016 Purchase Card Management Plan addresses many of the Act’s requirements. As required, the Plan outlines policies and procedures the Agency believes are critical to managing its program.<sup>13</sup> 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.<sup>14</sup> 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 Plan indicates SSA uses merchant category code blocking to prohibit inappropriate purchases at liquor

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

<sup>10</sup> *Id.* at Footnote 7.

<sup>11</sup> *Id.* at Footnote 8.

<sup>12</sup> *Id.* at Footnote 7.

<sup>13</sup> OMB, Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (Revised January 2009).

<sup>14</sup> Pub. L. No. 112-194 § 2, 126 Stat. 1445, 1445-1447 (2012).

stores, casinos, etc. In addition, the Agency restricts the purchase of certain supplies or services.<sup>15</sup>

We also reviewed relevant policy and procedure-related information on OAG's Intranet 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 has supplemented its policies and procedures required by the Act with internal controls to assist it in managing purchase cards. In its 2016 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 periodic reviews be performed to determine whether each purchase cardholder needs the purchase card. Further, OMB Circular A-123, Appendix B, requires that charge card managers periodically review cardholder accounts for continued necessity. Neither states a specific timeframe for conducting such reviews. However, according to SSA's Purchase Card Management Plan, the Agency monitors cardholders who have not activated their purchase cards each month. The Plan also states that, every 6 months, SSA monitors cardholders who have not used their purchase cards in 1 year.

SSA periodically posted Acquisition Alerts to its Intranet site to remind employees to comply with existing policies and regulations and inform cardholders about new policies and procedures. For example, on March 24, 2016, SSA published an Alert on the *Prohibition on Using Third Party Payment Processors*. The Alert reminded staff that the Agency's policy prohibits cardholders from using the purchase card to pay for purchases when the payment method is through a third-party payment processor such as PayPal, Amazon MKT, and Google Checkout.

### *Delinquent Accounts and Disciplinary Actions*

Agency staff reported there were no delinquent purchase card accounts or disciplinary actions against purchase cardholders in FY 2016. Further, our Office of Investigations reported it had not initiated any cases for alleged purchase card misuse for the same period.

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<sup>15</sup> SSA outlines these restrictions in its *Micro-Purchasing in SSA* course and through periodic acquisition alerts.

## *Prior Audit Report*

In May 2016, we issued a report on SSA's use of purchase cards in FY 2014 and examined the Agency's actions to address the recommendations in our March 2010 report.<sup>16</sup> Except for the items discussed below, we found SSA's compliance with its purchase card policies and procedures had generally improved. In addition, SSA issued an acquisition alert reminding employees to (a) document evidence of the receipt and acceptance of goods and (b) avoid split purchases. The Agency also reported it reviewed possible split purchases and used Citibank's reporting tool to detect potential split purchases.

However, we found 11 purchase cardholders did not adequately document purchases in purchase logs, as required; 5 cardholders did not retain records indicating receipt and acceptance of goods; and 1 cardholder neither documented purchases in a log nor retained records indicating receipt and acceptance of goods. We also found 18 purchase cardholders did not comply with SSA policy requiring refresher purchase cardholder training every 3 years; and SSA did not close an employee's purchase card account when the cardholder separated from SSA. Finally, we identified 20 instances where SSA staff performed possible split purchases, and we questioned the appropriateness of 1 transaction that occurred over a weekend. SSA agreed with the five recommendations. See Appendix D for information on 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 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 2015 risk assessment and audit of SSA's travel card program.<sup>17, 18</sup> 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."

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<sup>16</sup> Id. at Footnote 8.

<sup>17</sup> Id. at Footnote 7.

<sup>18</sup> Id. at Footnote 9.

## *Policies and Procedures*

We determined there were no significant changes regarding SSA's policies and procedures since our FY 2015 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 2016 Travel Card Management Plan documents many of the requirements in the Act.

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>19</sup> Through our review of SSA's 2016 Travel Card Management Plan, we determined the Agency was complying with this requirement. SSA policy states all new travel card applicants and Agency Program Coordinators (APC) receive training before they are appointed. In addition, the policy requires that travel card program participants, APCs, and approving officials take refresher training every 3 years and cardholders take refresher training when their card expires.<sup>20</sup>

The Act also requires that agencies ensure officials with the authority to approve official travel verify that employees are not reimbursed for CBA charges.<sup>21</sup> The Agency uses the CBA to pay air/rail transportation fares. An SSA employee may use the CBA in various situations. For example, when he/she does not receive the requested travel card in time to make reservations, is granted an exception from the travel card program, needs to secure a special fare before travel, or is on international travel.<sup>22</sup> When a traveler charges a ticket to the CBA, he/she does not incur the expense and is not reimbursed for it on his/her travel voucher.<sup>23</sup> SSA reviews the monthly CBA expenses to ensure it did not reimburse employees for travel costs charged to the CBA.<sup>24</sup>

## *Additional Internal Controls*

Similar to our 2015 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 2016 Travel Card Management Plan, SSA documented several examples of these controls as effective best practices and methods for managing risk. For example, SSA established

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<sup>19</sup> Pub. L. No. 112-194 § 3, 126 Stat. 1449 (2012). OMB, A-123, App. B, 3.4, *supra*, also requires that agencies provide training to all charge card program participants before they are appointed and refresher training, at a minimum, every 3 years. It also requires that all program participants certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions.

<sup>20</sup> SSA, *Travel Card Management Plan*, January 31, 2016, sections 3.1 and 3.2, at pp. 4-5.

<sup>21</sup> Pub. L. No. 112-194 § 4, 126 Stat. 1450 (2012).

<sup>22</sup> SSA, *Administrative Instructions Manual System, Financial Management Manual 07.08.02* (January 2011).

<sup>23</sup> SSA, *Travel Update Special Edition*, p. 4 (October 2010).

<sup>24</sup> If an employee was incorrectly reimbursed for an expense billed to the CBA, SSA notifies the traveler via email of the overpayment. The email instructs the traveler to repay the Agency the outstanding debt by check, money order, or credit card. SSA, *Accounting Manual Web Application 6-60-02, Reconcile SSA Central Citibank Accounts*.

controls to minimize the risk of unauthorized travel card use by employees who terminate employment with the Agency. During the exit interview, the supervisor advises the employee to shred or cut the card. In addition, the supervisor ensures the cardholder/APC informs the bank to close the account. Further, the lead APC reviews the list of cardholders to identify those who have left the Agency and closes the accounts.

### *Delinquent Accounts and Disciplinary Actions*

We reviewed information regarding delinquent travel card accounts and disciplinary actions against travel cardholders in FY 2016. Staff reported there were delinquent travel card accounts each month. In FY 2016, the total amount for delinquent travel card accounts at least 90 days past due ranged from about \$3 to \$9,922 in 53 instances of delinquency.<sup>25</sup> In its 2016 Travel Card Management Plan, SSA reported it had “. . . one of the lowest delinquency percentages in Government. . . .”<sup>26</sup> The Plan also stated CBAs were certified and paid in full within 30 days and therefore there were no occurrences of delinquency.<sup>27</sup>

The highest occurrence of delinquent accounts in a month during this period totaled less than 1 percent of active travel cardholders. Agency staff reported 32 disciplinary actions against employees for inappropriate use of the travel card.<sup>28</sup> Our Office of Investigations reported no cases for alleged travel card or CBA misuse for the period October 1, 2015 through September 30, 2016.

### *Prior Audit Report*

In May 2015, we issued a report on SSA’s FY 2013 travel card program.<sup>29</sup> 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. Although we identified some instances of noncompliance with the Agency’s policies and procedures, these instances did not involve a significant number of employees or have a significant monetary impact. See Appendix D for more details.

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

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<sup>25</sup> Information the Agency provided listed account delinquencies at least 90 days past due. We totaled the number of delinquent accounts in each month in FY 2016. 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>26</sup> SSA, *Travel Card Management Plan*, January 31, 2016, Section 8, at p. 21.

<sup>27</sup> *Plan*, supra Section 4.2, at p. 10.

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

<sup>29</sup> *Id.* at Footnote 9.

## 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 by the Act.

For FY 2016, the Agency reported there were no delinquent accounts or disciplinary actions pertaining to the misuse of purchase cards. Our FY 2016 report on the purchase card program stated SSA generally improved its compliance with its purchase card policies and procedures and implemented our prior recommendations. Our findings identified documentation-related issues or had 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 FY 2016, the Agency reported there were delinquent travel card accounts. The highest occurrence of delinquent accounts in a month during this period totaled less than 1 percent of all active travel cardholders. SSA staff reported disciplinary actions against 32 employees for inappropriately using their travel cards in FY 2016. Our FY 2015 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."



Rona Lawson  
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*.<sup>1</sup>
- 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 Office of the Inspector General reports, including *The Social Security Administration’s Travel Charge Card Program* (A-13-14-11414) 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 2015 and 2016.
- 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, 2015 through September 30, 2016.
- Determined there were no delinquent purchase card accounts for the period October 1, 2015 through September 30, 2016.
- Obtained statistics on disciplinary actions against SSA employees for misuse of travel charge cards for the period October 1, 2015 through September 30, 2016.
- Requested statistics on disciplinary actions against SSA employees for misuse of purchase cards for the period October 1, 2015 through September 30, 2016.
- Requested information about purchase and travel card misuse from our Office of Investigations.

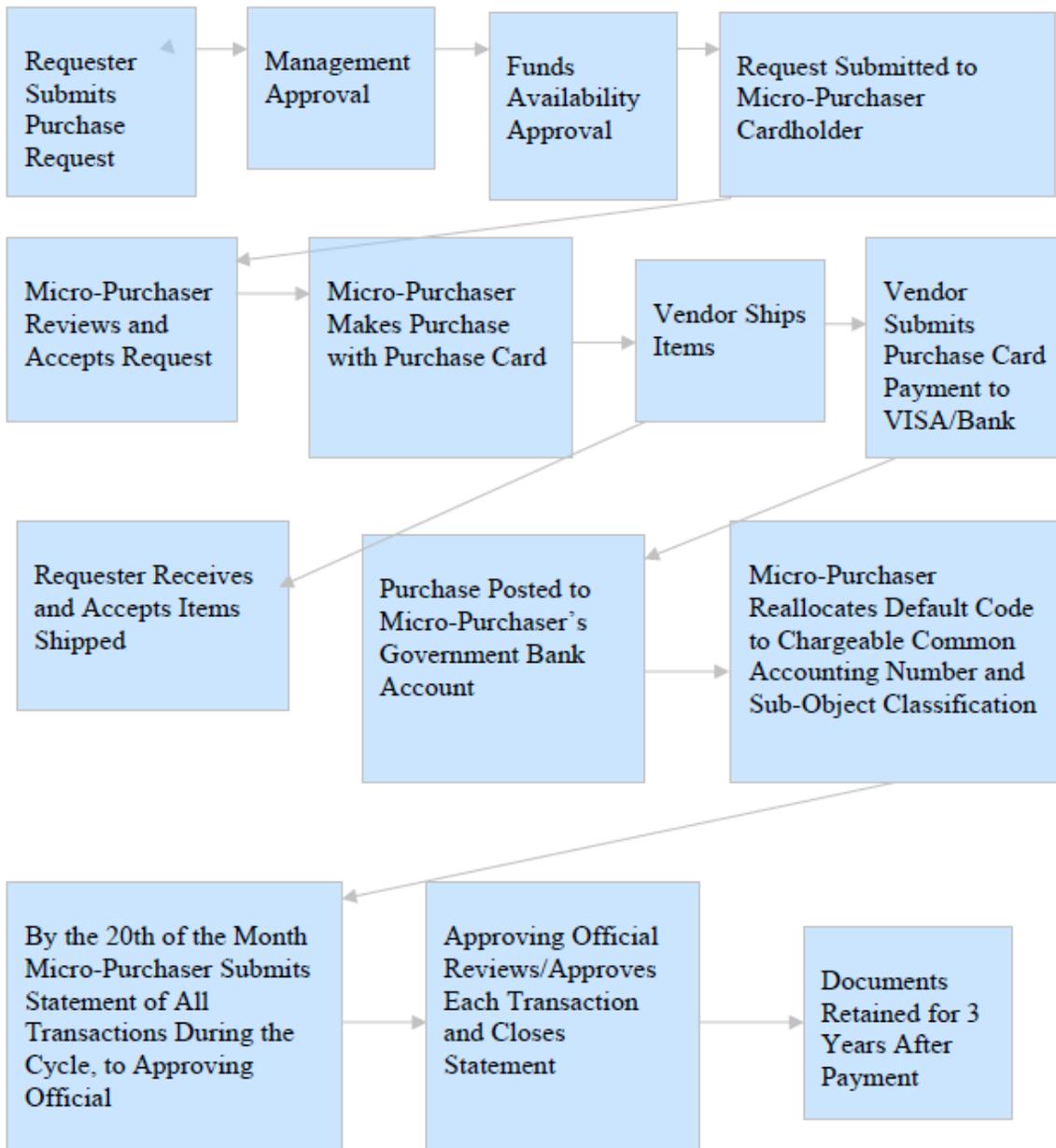
The principal internal controls reviewed pertained to activities of the Office of the Deputy Commissioner for Budget, Finance, Quality, and Management. We conducted our risk assessment in Baltimore, Maryland, from October through December 2016. We conducted our assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

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

## 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 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.

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<sup>1</sup> 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 D– THE SOCIAL SECURITY ADMINISTRATION’S CORRECTIVE ACTIONS ON PRIOR RECOMMENDATIONS

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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.<sup>1</sup>

### Purchase Cards

In May 2016, we issued a report on SSA’s FY 2014 Government purchase card program.<sup>2</sup> 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.<sup>3</sup>

Except for the items discussed below, SSA’s compliance with its purchase card policies and procedures had generally improved. Our findings either identified documentation-related issues or had a limited monetary impact. We also found SSA had implemented corrective actions pertaining to our prior recommendations. Specifically, the Agency issued an acquisition alert reminding employees to (a) document evidence of the receipt and acceptance of goods and (b) avoid split purchases. The Agency also reported it reviewed possible split purchases and used Citibank’s reporting tool to detect potential split purchase.

However, we identified instances where SSA staff did not comply with the Agency’s policies and procedures and possible instances of SSA staff performing split purchases. We also questioned the appropriateness of certain transactions made over a weekend.

Specifically, we found 11 purchase cardholders did not adequately document purchases in purchase logs, as required; 5 cardholders did not retain records indicating receipt and acceptance of goods; and 1 cardholder neither documented purchases in a log nor retained records indicating receipt and acceptance of goods. Our review also found 18 purchase cardholders did not comply with SSA policy requiring refresher purchase cardholder training every 3 years; and SSA did not close an employee’s purchase card account when the cardholder separated from SSA. In

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

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

<sup>3</sup> SSA OIG, *The Social Security Administration’s Government Purchase Card Program*, (A-13-09-29027), March 2010.

addition, we identified 20 instances where SSA staff performed possible split purchases, and we questioned the appropriateness of 1 transaction that occurred over a weekend.

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.
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.

### *Response to Recommendations*

The Agency issued acquisition alerts to remind

- purchase cardholders to comply with policies and procedures for recording purchase card transactions in purchase logs and retaining required documentation, including signed and dated receipt and acceptance of goods and services and
- approving officials to timely complete all required actions of purchase card termination when an employee leaves employment. This includes ensuring termination of the delegation of acquisition authority and that the purchase card account is closed.

The Agency completed its assessment of the split purchases identified in the audit and sent applicable acquisition management review emails. SSA is determining whether it will take any action to adjust its monitoring process.

Additionally, SSA replaced its micro-purchase training course tracking process. The Agency has a verification process in place for recording the cardholders' name and training date. SSA also established a filing verification process to ensure the training certification is included in the applicable cardholder files.

Further, SSA reviewed the questionable weekend transaction. The Agency determined the office submitted a vendor receipt for a different transaction. Therefore, SSA requested the correct

documents from the office. SSA expects to complete its review after receiving the correct documents. Assuming the purchase is valid, no further action will be required because the Agency terminated the employee's acquisition authority and closed the purchase card account. SSA also expects to complete its evaluation of the Office of the Inspector General's methodology for identifying transactions that occurred over a weekend to determine whether the Agency should add this process to its ongoing acquisition management review process.

As December 2016, SSA reported Recommendations 1 through 4 were closed. However, the Agency had not closed Recommendation 5.

## Travel Cards

In May 2015, we issued a report on the Social Security Administration's (SSA) travel charge card program.<sup>4</sup> 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.<sup>5</sup>

Our 2015 report also identified 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, 234 separated employees retained travel charge cards, but there were no charges on their accounts in FY 2013; 3 cardholders were reimbursed for \$4,347 in charges billed to the CBA; 7 cardholders made unauthorized purchases and automated teller machine withdrawals totaling \$995; 4 cardholders did not use the Government travel charge card for \$1,619 in travel-related expenses; and supervisors did not approve the travel authorization for 5 employees before they traveled. Finally, we questioned whether 14 employees received required travel charge card training.

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

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.

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<sup>4</sup> SSA OIG, *The Social Security Administration's Travel Charge Card Program* (A-13-14-11414), May 2015.

<sup>5</sup> 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.

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 determined were no longer employees, the Agency stated it would take the necessary actions to cancel the charge card. The Agency planned to conduct reviews at the end of each calendar year. Further, SSA was developing a system to 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.

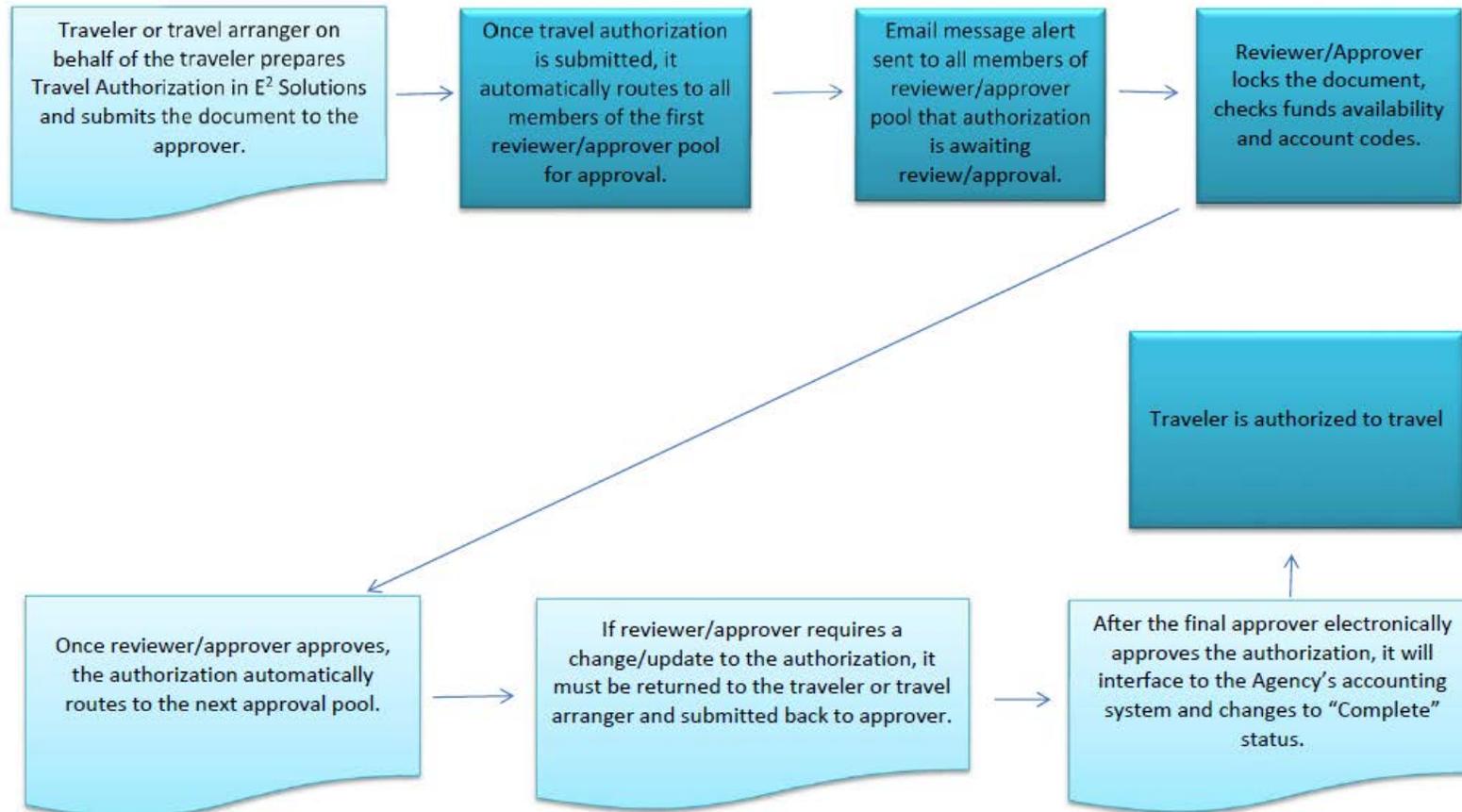
Further, in hands-on training sessions, the Agency included a reminder

- 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.

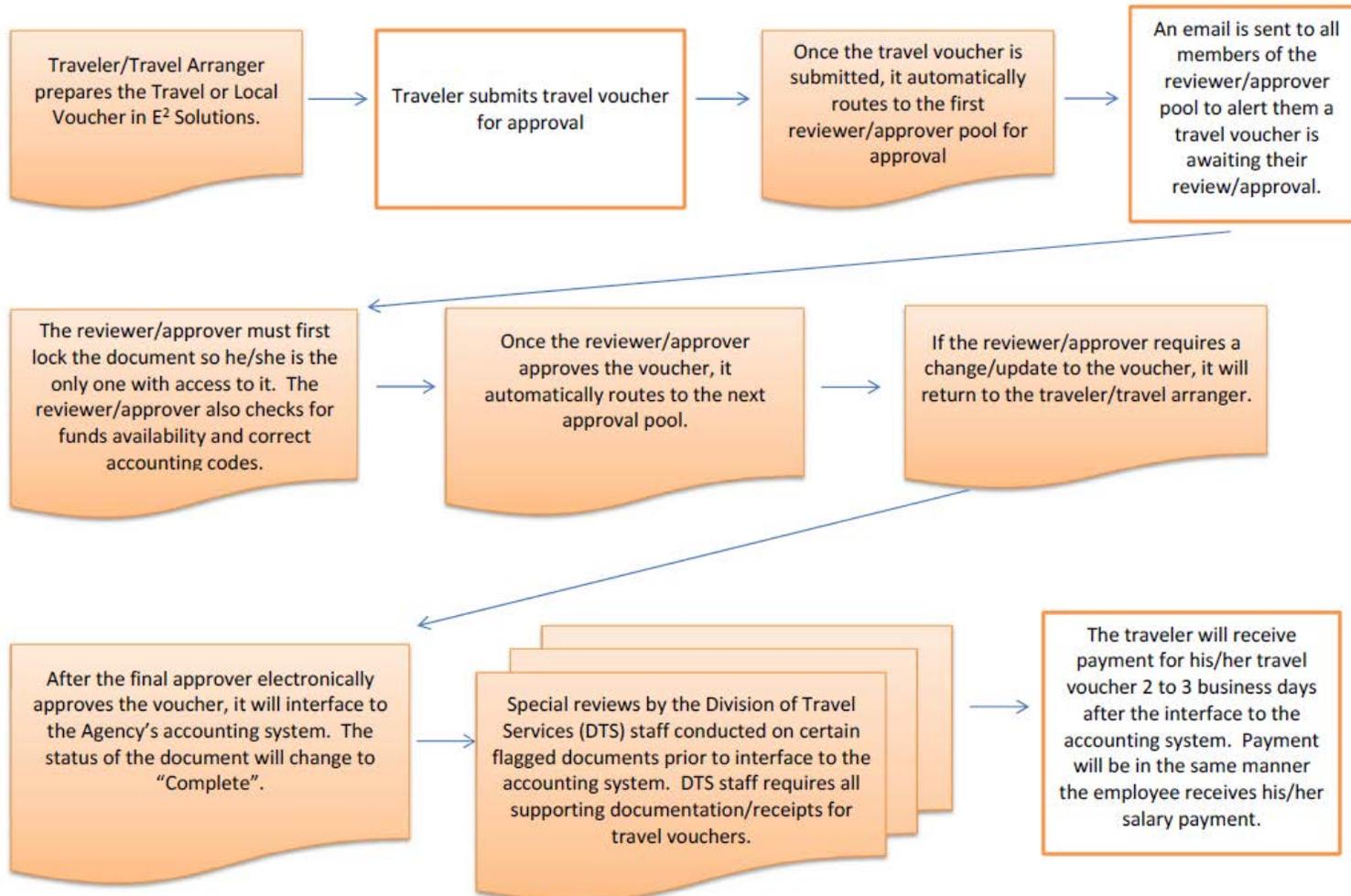
The Agency drafted a Travel Update including messages regarding the above three items that it released in December 2015. SSA also scheduled additional training for front office staffs and other special groups, such as the Office of Acquisition and Grants staff, and sent an email to staff offering the training to all employees to ensure everyone was aware of the travel card requirements and policies. As of October 2016, SSA reported all five recommendations were closed.

## 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

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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 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 stored value card when the individual lacks a credit history or has a credit score below the minimum credit score established by the Director of the Office of Management and Budget). The Director of the Office of

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

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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