



March 25, 2025

MEMORANDUM FOR: Dean Heyl
Acting Assistant Secretary
for Administration and Management

Kevin L. Brown
Acting Chief Financial Officer

A handwritten signature in blue ink that reads "Laura B. Nicolosi".

FROM: Laura B. Nicolosi
Assistant Inspector General
for Audit

SUBJECT: U.S. Department of Labor's Purchase and Travel
Card Risks Assessed as Very Low and Low,
respectively, Report No. 22-25-004-50-598

The Office of Inspector General (OIG) contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to assist with the risk assessment of the Department of Labor's (DOL) purchase and travel card programs for the period October 1, 2023, through September 30, 2024. This assessment was conducted in accordance with the Government Charge Card Abuse Prevention Act of 2012, Public Law 112-194 (Charge Card Act). The OIG monitored KPMG's work to ensure it met professional standards and contractual requirements.

Based on the results of the procedures performed by KPMG, the overall risk of illegal, improper, or erroneous use of DOL's purchase and travel cards was determined to be very low and low, respectively.

However, the results of the risk assessment do not imply the DOL purchase and travel card programs are free of illegal, improper, or erroneous use, or from internal control deficiencies. An audit of the programs may reveal issues not identified in the risk assessment. Due to inherent limitations, internal controls may not always prevent, detect, or correct misstatements. Projections of the effectiveness of these controls into future periods are subject to the risk that they may become inadequate due to changes in conditions or due to a decline in compliance with policies or procedures.

Background

The Charge Card Act was enacted to prevent recurring waste, fraud, and abuse of government-wide charge cards. The law requires agencies to implement safeguards and internal controls to prevent and detect improper use of government purchase cards, convenience checks, and travel cards. Under the Charge Card Act, Inspectors General are required to conduct periodic risk assessments of agency purchase cards, combined integrated card programs,¹ and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

During the period reviewed, DOL had 772 purchase cardholders who incurred 22,681 transactions totaling approximately \$14.6 million, and 9,973 travel cardholders who incurred 191,358 transactions, totaling approximately \$30.6 million.²

DOL obtains purchase, travel, and fleet cards through the U.S. General Services Administration's SmartPay3® program, which provides charge cards to U.S. Government agencies through master contracts with three major banks.

DOL utilizes centrally-billed purchase card accounts and convenience checks for purchases, as well as individual and centrally-billed accounts for travel. DOL's Office of Administration and Management manages the purchase card program, and the Office of the Chief Financial Officer manages the travel card program.

Methodology

To perform the risk assessment, we:

- identified key program objectives for the purchase and travel card programs,
- identified risks associated with the objectives of the two programs,
- reviewed the purchase and travel card policies and procedures,
- reviewed the results of prior OIG audits,
- conducted analytical tests, and
- shared results with the responsible program coordinators.

We assessed the residual risks³ associated with each key program objective as of September 30, 2024, based on the results of the procedures performed. We

¹ An integrated card combines two or more business lines (e.g., purchase and travel) on a single card. DOL does not use or have an integrated card.

² GSA SmartPay, Sales, Transactions and Card/Account Holder Data (FY 2009 – September 2024) – Bank Data by Year: <https://smartpay.gsa.gov/content/sales-transactions-account-holder-data>

³ Residual risk is the exposure remaining from an inherent risk after action has been taken to manage it, using the same assessment standards as the inherent assessment.

then assigned a risk impact and risk likelihood level according to the DOL OIG framework listed in Figure 1. Risk impact refers to the potential magnitude of the effect that the risk would have on the key objective. Risk likelihood indicates the probability that a risk will occur and affect the key objective. Each key objective was then assigned a risk level ranging from very low to very high. Finally, an overall risk assessment for the purchase and travel card programs was made based on the aggregation of their respective individual key objective risks.

Figure 1: Definitions of Risk Impacts and Likelihoods

Risk Level	Risk Impact Definition	Risk Likelihood Definition
Very High	The degradation of an activity or role is severe , impacting the ability to meet one or more strategic goal or objective, produce key deliverables, or reach required levels of performance to meet the mission.	Risk event is almost certain to occur. Likelihood of occurrence is 90–100 percent.
High	The degradation of an activity or role is major , requiring immediate escalation or management intervention to reach required levels of performance of key functions.	Risk event is highly likely to occur. Likelihood of occurrence is 50–90 percent.
Moderate	The degradation of an activity or role is moderate with material impact on performance of key functions.	Risk event is possible to occur. Likelihood of occurrence is 25–50 percent.
Low	The degradation of an activity or role is minor . It is noticeable and may affect performance of key functions.	Risk event is unlikely to occur. Likelihood of occurrence is 10–25 percent.
Very Low	The degradation in activity or role is negligible and is not expected to significantly affect performance of key functions.	Risk event occurrence is remote. Likelihood of occurrence is 0–10 percent.

Source: DOL OIG Framework for Enterprise Risk Management, Version 3.0, May 31, 2022

Results

The results of the procedures performed indicate the overall risk of illegal, improper, or erroneous use in DOL's purchase and travel cards as very low and low, respectively.

The results of the procedures performed over the six key program objectives for the purchase card program indicated a risk of the objective not being accomplished as very low to low (see Figure 2).

Figure 2: Risk of Six Key Program Objectives Not Being Accomplished, DOL Purchase Card Program

Individual Control Objectives	Objective Risk Level
Cards are used for purchases that are unnecessary, unauthorized, and not supported in which funds are not available.	Low
Transactions are not made at a reasonable and/or fair price.	Very Low
Accounts are not properly established and maintained.	Very Low
Transactions are not properly accounted for in the financial system.	Very Low
Account balances are not paid on time.	Very Low
Program results are not accurately and timely reported to the Office of Management and Budget.	Very Low
Overall Purchase Card Risk Rating: Very Low	

Source: Results of the risk assessment for six key program objectives for the purchase card program

Likewise, the procedures performed over the six key program objectives for the travel card program indicated the risk of each key program objective not being accomplished as very low to low (see Figure 3).

Figure 3: Risk of Six Key Program Objectives Not Being Accomplished, DOL Travel Card Program

Individual Control Objectives	Objective Risk Level
Cards are only used while on official Government travel for transactions that are properly authorized and supported.	Low
Accounts are not properly established and maintained.	Low
Transactions are not properly accounted for in the financial system.	Low
Centrally billed travel charge card balances are not paid on time.	Very Low
Individually billed travel charge card balances are not paid on time.	Very Low
Program results are not accurately and timely reported to the Office of Management and Budget.	Very Low
Overall Travel Card Risk Rating: Low	

Source: Results of the risk assessment for six key program objectives for the travel purchase card program

The detailed assessments of DOL's purchase and travel card programs were provided to DOL officials under separate cover. We appreciate the cooperation and courtesies that DOL officials extended to KPMG and the OIG during this risk assessment.