

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Review of the IRS's Purchase Card Violations Report and Status of Recommendations

January 28, 2026

Report Number: 2026-1SO-002

HIGHLIGHTS: Review of the IRS's Purchase Card Violations Report and Status of Recommendations

Final Report issued on January 28, 2026

Report Number 2026-150-002

Why TIGTA Did This Review

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), signed into law in October 2012, requires each agency with more than \$10 million in annual purchase card spending to submit semiannual reports of employee purchase card violations and the disposition of those violations, including any disciplinary actions taken.

These semiannual reports, known as Purchase Card Violations Reports, are prepared by the agency head and reviewed by the Inspectors General before the agency submits the report to the Office of Management and Budget.

We assessed whether the IRS complied with the Charge Card Act requirements for the period April 1 through September 30, 2025.

Impact on Tax Administration

Inappropriate use of government charge cards does not promote the economic and efficient use of publicly funded resources. Federal audits of agency charge card programs have found varying degrees of fraud, waste, and abuse. The Charge Card Act requires agencies to establish and maintain safeguards and internal controls for government charge card programs.

What TIGTA Found

The IRS's purchase card program controls are generally effective, and the number of purchase card violations identified by the IRS were minimal. According to the IRS, between April 1 and September 30, 2025, its purchase card program included an average of 1,790 purchase cardholders. These cardholders made 9,478 purchases totaling just over \$7.5 million. Additionally, authorized cardholders wrote 11 convenience checks totaling \$7,088.



The IRS identified six confirmed purchase card violations for the period April 1 through September 30, 2025. The 6 confirmed purchase card cases collectively totaled \$55,799 and included 5 instances of split purchases and 1 violation where the cardholder exceeded the single transaction limit. These employees received non-disciplinary actions ranging from written and oral counseling to closed without action with a cautionary statement.

The Credit Card Services office also identified 1 purchase card transaction totaling \$140 that did not comply with the IRS's internal charge card policies and procedures but was not reportable to the Office of Management and Budget. The Office of Management Budget requires that only certain inappropriate purchase card transactions be reported in an agency's Purchase Card Violations Report. Reportable inappropriate transactions are those indicating that abuse, internal fraud, or misuse has occurred. The Office of Management and Budget excludes from its reporting requirements administrative discrepancies, such as actions that violate operational policies or procedures but do not violate federal law or regulation.

In addition, we are required to report annually on the implementation of recommendations related to purchase and travel card findings. Our review of prior TIGTA reports found no open recommendations related to purchase or travel card findings.

This report is for information only. IRS officials reviewed the report and agreed with our facts and conclusions.



**TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION**

**U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024**

January 28, 2026

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Deputy Inspector General for Audit

SUBJECT: Final Report – Review of the IRS’s Purchase Card Violations Report and
Status of Recommendations (Review No.: 20251S0004)

This report presents the results of our review of the Internal Revenue Service’s (IRS) compliance with the Government Charge Card Abuse Prevention Act of 2012 requirements for the period April 1 through September 30, 2025, and the status of prior government charge card recommendations.¹ This review is part of our Fiscal Year 2026 Annual Program Plan and addresses the major management and performance challenge of *Improving Operational Efficiencies*.

We made no recommendations as a result of the work performed during this review. However, IRS officials reviewed this report prior to its issuance and agreed with the facts and conclusions presented.

If you have any questions, please contact me or LaToya P. George, Acting Assistant Inspector General for Audit (Taxpayer Services and Operational Support).

¹ Pub. L. No. 112-194, 126 Stat. 1445.

Background

Government purchase cards are a cost-effective and streamlined means for making payments, and the Federal Acquisition Regulation has designated the purchase card as the preferred method to purchase and pay for goods and services up to the micro-purchase limits.¹ In October 2012, the President signed the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) into law to reinforce Administration efforts to prevent fraud, waste, and abuse of governmentwide charge card programs.²

The Office of Management and Budget (OMB) provides oversight of government charge card programs and issued guidance in September 2013 to establish minimum requirements and best practices for them. These minimum requirements and best practices may be supplemented by individual agency policies and procedures. In August 2019, the OMB revised its guidance contained in Circular A-123, Appendix B, to consolidate the governmentwide charge card program management requirements and guidance issued by various agencies.³ The updates to the OMB guidance provided best practices and definitions for implementation in agencies' charge card programs.

Requirements of the Charge Card Act

The Charge Card Act established additional reporting and audit requirements for oversight of the government charge card program. For example, it required at a minimum:

- Agencies to compile reports of purchase card violations.
- The establishment and maintenance of safeguards and internal controls.⁴
- Inspector General risk assessments and audits.

Each agency with more than \$10 million in annual purchase card spending is required to submit to the OMB semiannual reports (October 1 through March 31 and April 1 through September 30) of employee purchase or integrated card violations and the disposition of those violations, including any disciplinary actions taken. These semiannual reports, known as Purchase Card Violations Reports, are prepared by the agency head, reviewed by the Inspector General, and then submitted to the OMB no more than 120 calendar days after the end of the reporting periods.⁵

Agencies do not have to report inconsistencies with administrative or internal control processes that do not result in confirmed fraud, loss to the government, or misappropriation of funds or assets (whether recouped or not) in their semiannual violations report. However, we comment

¹ The single transaction limit for micro-purchases is \$10,000 for goods and supplies, \$2,500 for services, and \$2,000 for construction and alterations based on the Federal Acquisition Regulation micro-purchase threshold. In October 2025 the micro-purchase threshold increased from \$10,000 to \$15,000 for goods and supplies.

² Pub. L. No. 112-194, 126 Stat. 1445.

³ OMB, OMB Circular No. A-123, Appendix B (Revised), *A Risk Management Framework for Government Charge Card Programs* (August 2019).

⁴ See Appendix II for a glossary of terms.

⁵ As a bureau of the Department of the Treasury, the Internal Revenue Service is required to abide by the Charge Card Act and report charge card violations.

on all purchase card noncompliance identified by the Internal Revenue Service (IRS) in its semiannual review of purchase card violations reporting. We also review our Office of Investigations case management system to identify potential purchase card violations that may not have been directly identified by the IRS.

Inappropriate use of government charge cards does not promote the economic and efficient use of publicly funded resources. Federal audits of agency charge card programs have found varying degrees of fraud, waste, and abuse. The Charge Card Act requires agencies to establish and maintain safeguards and internal controls over their charge card programs. Each agency head is required to annually certify that appropriate policies and controls are in place or that corrective actions have been taken to mitigate the risk of fraud and inappropriate charge card practices. This certification is reported as part of the existing annual assurance statement under the Federal Managers' Financial Integrity Act of 1982.⁶ In addition, each agency is required to develop, issue, and maintain written policies and procedures for the appropriate use of charge cards that are consistent with OMB guidance.

The Charge Card Act also provides for additional oversight by requiring the Inspectors General to conduct periodic risk assessments of purchase cards, including convenience checks, combined integrated cards, and travel card programs to analyze the risks of illegal, improper, and erroneous purchases. Beginning in Fiscal Year 2014, the Inspectors General were also required to report annually to the Director, OMB, by January 31, on the agency's progress in implementing prior audit recommendations related to purchase and travel cards. In January 2025, we reported that our review of prior Treasury Inspector General for Tax Administration (TIGTA) reports did not identify any open recommendations related to purchase or travel card findings.⁷ This progress is compiled by the OMB and sent to Congress and to the Comptroller General of the Government Accountability Office.

IRS roles and responsibilities for administering its purchase card program

Within the IRS, the Office of the Chief Procurement Officer is responsible for providing policy guidance for the purchase card program as it relates to acquisition regulations. The Credit Card Services (CCS) office within the Office of the Chief Financial Officer is responsible for providing oversight of the purchase card program and convenience checks, issuing program guidance, and overseeing periodic program reviews. In addition, the CCS office is responsible for tracking and reporting alleged inappropriate purchase card use and compiling the Purchase Card Violations Report for submission to the OMB.

The CCS office evaluates compliance with purchase card regulations to ensure appropriate use of the purchase card. According to the IRS, these evaluations include reviews of:

- Merchant categories and names to ensure that purchases are not made from restricted vendors.
- Itemized transaction details reported to the government credit card contractor by certain vendors to determine if the charge was allowable.

⁶ 31 U.S.C. § 3512.

⁷ TIGTA, Report No. 2025-1S0-011, [Review of the Internal Revenue Service's Purchase Card Violations Report and Status of Recommendations](#) (January 2025).

- Random samples of purchase card charges to assess compliance with purchase card regulations. Quarterly purchase card transactions are also reviewed to ensure that cardholders comply with the split purchase policy.
- Convenience checks issued by convenience check cardholders to assess compliance with purchase card regulations.

The Labor/Employee Relations and Negotiations Division (hereinafter referred to as Labor Relations) is the IRS office responsible for advising and supporting managers on employee misconduct, except for such matters committed by employees of the Office of Chief Counsel. Once an alleged purchase card violation is referred by the CCS office, Labor Relations assists the responsible manager by providing procedural advice and guidance on addressing employee misconduct.⁸ Although Office of Chief Counsel employee purchase card violations may be identified by the CCS office, the Office of Chief Counsel is responsible for researching and applying disciplinary actions for those employees as well as tracking the disciplinary actions in its own credit card database.

Objective

The overall objectives of this review were to assess whether the IRS complied with the Charge Card Act requirements for the period April 1 through September 30, 2025, and the status of prior government charge card recommendations.

Results of Review

Compliance With the Government Charge Card Abuse Prevention Act of 2012

According to the IRS, between April 1 and September 30, 2025, its purchase card program included an average of 1,790 purchase cardholders. These cardholders made 9,478 purchases totaling just over \$7.5 million with their purchase cards. In February 2025, the General Services Administration (GSA) and the Department of Government Efficiency worked with federal agencies to reduce purchase card program costs. The Department of Government Efficiency identified that in Fiscal Year 2024, there were 4.6 million active credit cards/accounts, which processed about 90 million unique transactions representing about \$40 billion. To implement this reform, the GSA reduced all purchase and travel cards under its contracting authority to \$1 and set up a process for the GSA Administrator to approve requests to increase dollar amounts on the cards.⁹ Figure 1 summarizes the purchase card statistics at the IRS.

⁸ Purchase card violations are recorded in the Automated Labor and Employee Relations Tracking System. We also looked for violations recorded in the data we received from the Office of Chief Counsel, the TIGTA Office of Investigations, and the CCS office Inappropriate Use Referral Log.

⁹ As of September 2025, there are 158 purchase cardholders exempt from the \$1 purchase card limit.

**Figure 1: IRS Purchase Card Statistics from
April 1 Through September 30, 2025**



Source: Analysis of IRS purchase card statistics provided by the CCS office.

In addition, authorized cardholders wrote 11 convenience checks totaling \$7,088. Our review of the IRS's purchase card program found that controls are generally effective, and the number of purchase card violations identified by the CCS office were minimal. However, we also found that purchase cardholders continue to make unauthorized purchases.



Semiannual report on IRS purchase card violations and actions taken by management in response

We reviewed the violations and related supporting documentation that the IRS identified for the Purchase Card Violations Report. For the period of April 1 through September 30, 2025, the IRS identified 6 confirmed cases involving transactions that exceeded the single transaction limits and split purchases, totaling \$55,799.¹⁰ Figure 2 summarizes the purchase card violations.

**The IRS identified 6 violations
out of 9,478 purchase card
transactions during
April through
September 2025.**

¹⁰ A split purchase is a series of purchases from the same vendor on the same day that collectively exceed the purchase cardholder's single transaction limit (usually \$10,000 for goods, \$2,500 for services, and \$2,000 for construction). Cardholders may not make a split purchase payment under any circumstance.

**Figure 2: Purchase Card Violations from
April 1 Through September 1, 2025**

Violation Type	Number	Dollar Value
 Split Purchase	5	\$52,979
 Exceeding Single Transaction Limit	1	\$2,820

Source: Analysis of IRS purchase card statistics provided by the CCS office.

With respect to personnel actions taken by IRS management in response to these six cases, the employees received non-disciplinary actions ranging from oral and written counseling to the case being closed without action with a cautionary statement.

The Internal Revenue Manual provides a range of non-disciplinary and disciplinary actions, from no action to suspension, which can be applied for each purchase card policy violation or inappropriate use. Further, the *IRS Manager's Guide to Penalty Determinations* provides a range of penalties, from a five-day suspension for a first offense up to removal for a third offense.¹¹ However, according to IRS policy, use of the penalty guide is not mandatory, and the ultimate decision lies with management.

Additionally, the CCS office identified one potential credit card violation case that occurred during the period of April 1 through September 30, 2025, that was still pending adjudication by management. We also reviewed information provided by our Office of Investigations case management system on purchase card violations and complaints that occurred during the review period. Our Office of Investigations reported no purchase card violations committed by IRS employees.

One unauthorized transaction identified

The CCS office also identified 1 purchase card transaction totaling \$140 that did not comply with the IRS's internal charge card policies and procedures and was not reportable to the OMB. The OMB requires that only certain inappropriate purchase card transactions be reported, such as those indicating abuse, fraud, *etc.* in an agency's Purchase Card Violations Report. This particular transaction was administrative in nature *i.e.*, it violated policy, and did not need to be reported.

Status of TIGTA recommendations related to government charge cards

The Charge Card Act requires Inspectors General of Executive Agencies to report on the implementation of recommendations related to purchase and travel card findings. We reviewed

¹¹ IRS, *IRS Manager's Guide to Penalty Determinations* (Rev. August 1, 2012).

prior reports issued between Fiscal Years 2021 through 2025 and found no open recommendations related to purchase or travel card findings.

Conclusion

The IRS is required by the Charge Card Act to review thousands of purchase card transactions every six months and report any violations or unauthorized purchases found. Identification of these activities help the IRS to protect government resources from inappropriate use. Failure to complete these reviews may allow misuse of resources and the erosion of public trust in the IRS. Our review of the IRS's purchase card program from April 1 through September 30, 2025, found that controls are generally effective, and the number of purchase card violations identified by the CCS office was minimal.

Performance of This Review

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and follows procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the objectives of our review.

Appendix I

IRS Purchase Card Violations Report

PURCHASE CARD VIOLATION DATA	PERIOD
I. Summary description of confirmed violations involving misuse of a purchase card or integrated card.¹	April 1, 2025, through September 30, 2025
a. Abuse.	6
b. Internal Fraud.	0
c. Misuse.	0
II. Summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card.	April 1, 2025, through September 30, 2025
a. Documentation of Counseling: <i>Oral or written counseling issued.</i>	5
b. Demotion.	0
c. Reprimand.	0
d. Suspension.	0
e. Removal.	0
f. Other (no action taken): <i>Closed without any IRS management adverse personnel action.</i>	1
III. Status of all pending violations.	April 1, 2025, through September 30, 2025
a. Number of violations pending investigation.	0
b. Number of violations pending hearing.	0
c. Number of violations pending final agency action.	0
d. Number of violations pending decision on appeal.	0

Source: IRS review of inappropriate use logs and case information contained in the Automated Labor and Employee Relations Tracking System.

¹ All terms used here are defined in OMB Circular No. A-123, Appendix B (Revised).

Appendix II

Glossary of Terms

Term	Definition
Automated Labor and Employee Relations Tracking System	An application used to track labor/employee relations case data. It was developed to ensure consistency in tracking labor and employee relations disciplinary actions.
Convenience Check	An alternative form of payment method that should be used as a last resort only when no reasonable alternative vendor is available who accepts the purchase card and can only be used when the request is for safety, security or enforcement.
Fiscal Year	The federal government's accounting period, which begins on October 1 and ends on September 30, and is designated by the calendar year in which it ends.
Integrated Card	Used to pay for purchases involving two or more business lines on a single card, <i>e.g.</i> , purchase and travel.
Internal Controls	Tools to help achieve results and safeguard the integrity of programs. A system of internal controls includes measures such as policies and procedures, checks and balances, monitoring, and reviews to identify potentially wasteful, fraudulent, and other potential misuse.
Misappropriation of Funds	The unauthorized, improper, or unlawful use of funds or other property for purposes other than that for which intended.
Non-disciplinary Action	A corrective action that is not considered "discipline" such as oral and written counseling, which are usually appropriate to address minor misconduct.

Appendix III

Abbreviations

CCS	Credit Card Services
GSA	General Services Administration
IRS	Internal Revenue Service
OMB	Office of Management and Budget
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web at
<https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.