We completed our required risk assessment of the Department of Labor’s (DOL) purchase and travel card programs as of June 30, 2020, pursuant to the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194.

Based on the results of our assessment, we found the risk of illegal, improper, or erroneous use of DOL’s purchase and travel cards is very low to moderate. We also identified that DOL’s Office of the Chief Procurement Officer has developed new tracking and reporting procedures to provide transparency and accountability for DOL’s COVID-19 government purchase card spending, as required by Office of Management and Budget Memorandum M-20-21, Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease, dated April 10, 2020.

However, the results of the risk assessment do not mean the DOL purchase and travel card programs are free of illegal, improper, or erroneous use or internal
control deficiencies. As such, an audit of the programs may identify issues not previously noted in the risk assessment. Because of inherent limitations, internal controls may not prevent, detect, or correct misstatements, and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Charge Card Act was designed 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.

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 3 major banks. One of these banks, Citibank, has been DOL’s credit card service provider since 2008. In Fiscal Year 2019, DOL had 1,026 purchase card holders who incurred 38,201 transactions, totaling approximately $18 million, and 10,352 travel cardholders who incurred 265,818 transactions, totaling approximately $38 million.²

DOL utilizes centrally-billed purchase card and convenience check accounts, and 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 our risk assessment, we utilized various methods of review and analytical testing (see Figure 1 – Methods of Risk Assessment).

¹ The integrated card is a combination of two or more business lines on a single card. (e.g. purchase and travel) DOL does not use an integrated card.

² GSA SmartPay, Sales, Transactions and Account Holder Data (2009 – 2020) – Bank Data by Year: https://smartpay.gsa.gov/content/sales-transactions-account-holder-data
We assessed the residual risks\(^3\) as of June 4, 2020, associated with each key program objective and then assigned a risk impact and risk likelihood level. Risk impact is the likely magnitude that the risks would have on the key objective. Risk likelihood is the level of possibility that a risk will occur that affects the key objective. We then assigned a risk level ranging from very low to very high (see Figure 2 – Definition of Risk Impact and Likelihood).

\(^3\) Residual risk is the risk that remains after controls and any other known information are taken into account.
Results

We found the overall risk of illegal, improper, or erroneous use in DOL’s purchase and travel cards is very low to moderate.

We assessed 6 key program objectives for the purchase card program and determined the overall risk of each key program objective not being accomplished was very low to moderate (see Figure 3 – Risk of Six Key Program Objectives for the Purchase Card Program Not Being Accomplished).

Likewise, we assessed 6 key program objectives for the travel card program and determined the overall risk of each key program objective not being accomplished was very low to moderate (see Figure 4 – Risk of Six Key Program Objective for the Travel Card Program Not Being Accomplished).

Our 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 agency officials extended to the Office of Inspector General during this risk assessment.