



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

The Social Security Administration's  
Fiscal Year 2014 Government  
Purchase Card Program

*A-13-15-50038 | May 2016*



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 10, 2016

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program (A-13-15-50038)

The attached final report presents the results of the Office of Audit's review. The objectives were to review the Social Security Administration's use of purchase cards in Fiscal Year 2014 and examine the Agency's actions to address the recommendations from our March 2010 report.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Deputy Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read 'Patrick P. O'Carroll, Jr.' with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

# The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program A-13-15-50038



May 2016

Office of Audit Report Summary

## Objectives

To review the Social Security Administration's (SSA) use of purchase cards in Fiscal Year (FY) 2014 and examine the Agency's actions to address the recommendations in our March 2010 report.

## Background

On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012* (Pub. L. No. 112-194) (Act). The Act addresses agencies' management of their Government purchase and travel charge card programs. The Act codifies a number of program integrity policies and reporting requirements for Government charge card programs. For example, the Act requires that the programs have certain internal controls and safeguards.

The Act also requires that Inspectors General of executive agencies "... perform analysis or audits as necessary, of purchase card transactions to identify potentially illegal, improper, or erroneous uses of purchase cards." In FY 2014, SSA reported about \$60.5 million in purchase card transactions.

## Findings

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 implemented corrective actions pertaining to our 2010 recommendations. However, we did identify instances where SSA staff did not comply with the Agency's policies and procedures.

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

## Recommendations

We recommend SSA take several actions to improve its Purchase Card Program. These include issuing instructions to help ensure cardholders comply with policies and procedures and assessing split purchases we identified to determine whether they were detected by SSA's current monitoring process. In addition, we recommend implementing a verification process to ensure purchase card training completion and certification as well as other related information are included in the applicable training records; reminding approving officials to complete all required actions for purchase card termination; and determining the appropriateness of possible split purchases and the questionable transaction that occurred over a weekend.

SSA agreed with our recommendations.

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## ABBREVIATIONS

AIMS	Administrative Instructions Manual System
FY	Fiscal Year
MRM	Materiel Resources Manual
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.	Statutes at Large

## OBJECTIVES

Our objectives were to review the Social Security Administration's (SSA) use of purchase cards in Fiscal Year (FY) 2014 and examine the Agency's actions to address the recommendations in our March 2010 report.

## BACKGROUND

On October 5, 2012, the President signed into law the *Government Charge Card Abuse Prevention Act of 2012*<sup>1</sup> (Act), which reinforces efforts to prevent waste, fraud, and abuse in Government-wide charge card programs. The Act addresses agencies' management of their Government purchase and travel charge card programs. The Act codifies a number of program integrity policies and reporting requirements for Government charge card programs. For example, the Act requires that the programs have certain internal controls and safeguards.<sup>2</sup>

The Act also requires that Inspectors General of executive agencies “. . . perform analysis or audits as necessary, of purchase card transactions to identify . . . potentially illegal, improper, or erroneous uses of purchase cards.”<sup>3</sup> In FY 2014, SSA reported about \$60.5 million in purchase card transactions. Within the Office of the Deputy Commissioner for Budget, Finance, Quality, and Management, the Office of Acquisition and Grants (OAG) oversees the Agency's Purchase Card Program.

In our *Fiscal Year 2015 Risk Assessment of the Social Security Administration's Charge Card Programs*,<sup>4</sup> we reported that SSA had policies and procedures in place to address the Act's requirements regarding its charge card programs. These policies and procedures were designed to reduce the risk of illegal, improper, and erroneous purchases made using the charge cards.

Our March 2010 report on the *Social Security Administration's Government Purchase Card Program* stated cardholders did not comply with SSA's policies and procedures.<sup>5</sup> We tested 50 transactions and found 36 (a) did not have adequate pre-approval documentation; (b) had no evidence that goods were received and accepted; and/or (c) had no documentation provided. For 12 of 50 possible split purchases we examined, the cardholders had circumvented their \$3,000 single-purchase limit. We recommended SSA have cardholders comply with its policies and procedures related to (1) obtaining and maintaining adequate pre-approval as well as receipt and acceptance of goods documentation and (2) preventing split purchases. In addition, we

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

<sup>2</sup> *Id.* at Sec. 2(a).

<sup>3</sup> *Id.* at Sec. 2(§1909)(d)(2)(A).

<sup>4</sup> SSA OIG, *Fiscal Year 2015 Risk Assessment of the Social Security Administration's Charge Card Programs*, (A-13-16-50061), p. 2, January 2016.

<sup>5</sup> SSA OIG, *The Social Security Administration's Government Purchase Card Program*, (A-13-09-29027), March 2010.

recommended SSA analyze purchase charge card data to identify possible split purchases. SSA agreed with all our recommendations and considered them closed and implemented as of December 2010.

For our current review, we obtained an electronic data extract of all SSA purchase card transactions for FY 2014. The data extract contained 146,481 transactions, totaling about \$60.5 million,<sup>6</sup> pertaining to 2,737 active cardholders. Of the 146,481 transactions, 146,236 were less than or equal to \$3,000 each. Transactions equal to or less than \$3,000 are considered micro-purchases. We examined a random sample of 50 micro-purchases to determine whether they complied with Agency policies and procedures.

We reviewed various other purchase transactions. For example, we reviewed purchases that exceeded \$3,000, which must be made by the warranted contracting officer. Warranted contracting officers may choose to use their Government purchase card for such purchases provided the purchase is within the contracting officer's delegation of acquisition authority.<sup>7</sup> Such transactions must be processed using purchase methods other than a Government purchase card. For example, if a field office is requesting to purchase an item that costs \$5,000, the requestor must prepare an electronic requisition and submit it to OAG for processing and approval by an authorized warrant contract officer. We reviewed the 25 highest dollar transactions greater than \$3,000, which totaled about \$650,200.

In addition, we assessed 72 of 535 possible split purchases, which we defined as multiple purchase transactions totaling over the \$3,000 micro-purchase dollar threshold and made by the same purchase cardholder with the same vendor on the same day.<sup>8</sup> We also examined transactions of cardholders who had the highest number of transactions, the 25 highest dollar transactions greater than \$3,000, negative dollar transactions, possible duplicate transactions, weekend and holiday transactions, and irregular and blocked merchant category codes. Lastly, we reviewed data pertaining to disciplinary actions the Agency took from October 1, 2013 through September 30, 2014 related to its Government Purchase Card Program. See Appendix A for our scope and methodology and Appendix B for our sampling methodology.

## RESULTS OF REVIEW

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 implemented corrective actions pertaining to our prior recommendations. Specifically, the Agency issued an acquisition alert

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<sup>6</sup> The absolute value of the transactions was about \$60.5 million—the positive value was \$59,601,260 and the negative value was \$981,599.

<sup>7</sup> SSA, AIMS, MRM 06.02.03 (July 6, 2009, May 14, 2015) indicates contracting officers can use the purchase card for transactions that exceed \$3,000. To purchase services, the micro-purchase limit is \$2,500. For construction, the micro-purchase limit is \$2,000.

<sup>8</sup> There could be other split purchases in the population that we did not identify.

reminding employees to (a) document evidence of the receipt and acceptance of goods and (b) avoid split purchases. The Agency also reported it conducted reviews of 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.

## Compliance with Purchase Charge Card Policies and Procedures

According to SSA policy, a purchase cardholder’s responsibilities include (1) limiting purchases to authorized thresholds, (2) purchasing only appropriate and approved items, (3) maintaining a purchase log, and (4) maintaining supporting documents for purchases.<sup>9</sup> See Appendix C for the Agency’s purchase card program process.

Most of the purchase card transactions we reviewed were for services or consumable items that had costs below the micro-purchase threshold. Such items included telecommunication services, office and commercial furniture, and office supplies. Of the 50 micro-purchases examined, we found 17 (34 percent), totaling about \$6,127, were not documented on a purchase order log and/or had records indicating receipt and acceptance of goods. See Table 1 for details.

**Table 1: Summary of Policies and Procedures Noncompliance Transactions**

Type of Noncompliance	Goods Purchased	Services Purchased	Number of Transactions	Transaction Costs
Lacked Required Purchase Log	8	3	11	\$2,814
Lacked Records Indicating Receipt and Acceptance of Goods	5	0	5	\$2,831
Lacked Purchase Log <u>and</u> Records Indicating Receipt and Acceptance of Goods	1	0	1	\$482
<b>Totals</b>	<b>14</b>	<b>3</b>	<b>17</b>	<b>\$6,127</b>

Of the 50 micro-purchase transactions reviewed, 12 did not have purchase order log documentation. The cardholder either did not prepare or failed to maintain sufficient order log documentation for micro-purchases. SSA policy requires purchase order logs and retention of purchase documents.

In addition, of the 50 transactions reviewed, 6 did not have adequate documentation of independent receipt and acceptance of goods. As reasonable evidence, we accepted signatures

<sup>9</sup> SSA, AIMS, MRM 06.16.03.C3 (January 2, 2004) *Policy and Guidance*, refers to the SSA’s Micro-Purchasing Course, Part II, Chapter 10, Sections 1 and 2. The cited course material states each cardholder is required to keep a purchase order log and individual purchase files to document acquisition activity.

or the initials of someone other than the cardholder on the sales invoice, packing slip, bill of lading, or any other shipping or receiving document.

Without adequate documentation to confirm delivery or receipt, there is no evidence the goods or services were received, which increased the risk that goods or services were not received or were for an improper purchase. Independent receipt and acceptance help ensure that purchased items are acquired for a legitimate Government need and not for personal use. Noncompliance increases the possibility cardholders could make improper purchases rather than purchases for a Government need.

Our 2010 report identified purchases that did not have records indicating the goods were received and accepted. We recommended SSA instruct cardholders to comply with Agency policy and procedures to ensure the purchase file included documentation showing proof of delivery and acceptance of items and services. SSA agreed with our recommendation and issued an acquisition alert reminding employees to obtain and maintain documentation of receipt and acceptance of goods.

## Split Purchase Transactions

We analyzed FY 2014 Government purchase card transactions to detect common characteristics among them.<sup>10</sup> We subsequently reviewed 72 groups of transactions and found 20 were possible split purchases involving 65 transactions made by 19 cardholders. The purchases totaled about \$95,000. Split purchases circumvent the cardholder's single-purchase limit and avoid the requirement to obtain competition on purchases over the \$3,000 micro-purchase threshold.<sup>11</sup> When a purchase exceeds the micro-purchase dollar threshold, the component should process the purchase through the contracting office under SSA's procedures for competitive purchases.

For example, we found a cardholder submitted two online purchase requisitions for supplies totaling about \$5,642. A single cardholder made the transactions on the same day with the same vendor. The vendor acknowledged these purchase requests by sending the cardholder emails. The cardholder's purchase log also showed the purchases for those amounts to that vendor.

On October 8, 2015, we forwarded these possible split purchases to SSA for review. At that time, Agency staff stated they were unable to review these transactions because of limited staff resources. Documentation showed the same cardholder made multiple purchases with the same vendor on the same day. We believe these are split purchases. Based on the description of the items purchased, the goods appeared to be for Government purposes.

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<sup>10</sup> We identified groups of transactions made by a single cardholder, on the same day, with the same vendor. The total purchase price of these transactions exceeded \$3,000.

<sup>11</sup> In October 2015, the single-purchase limit for individual purchases of supplies increased from \$3,000 to \$3,500. The single-purchase limit for individual purchases of services and construction remained \$2,500 and \$2,000, respectively.

Subsequently, OAG staff analyzed the 20 possible split purchases and confirmed they were split purchases. According to OAG staff, the split purchases were unauthorized commitments subject to the Agency's ratification process.<sup>12</sup>

In addition, OAG staff reported using Acquisition Management Reviews to identify and review potential split transactions. Staff explained, however, they did not perform these reviews from October 1, 2015 through January 1, 2016 because contractor personnel who normally performed this work were unavailable.

Our 2010 report identified SSA purchases that were potentially split into two or more transactions to circumvent purchase limits. We recommended SSA instruct cardholders to comply with Agency policy and procedures to prevent making split purchases. SSA agreed to our recommendation and issued an acquisition alert reminding employees to avoid making split purchases.

## Cardholders Needed Refresher Training

According to SSA policy,<sup>13</sup> employees are required to complete purchase card training before they are issued a purchase card. In addition, Agency policy states, ". . . micro-purchasers, approving officials, and Agency purchase card coordinators must take refresher training every 3 years, after the initial training."<sup>14</sup> The training emphasizes the delegation and limitations of micro-purchase authority, the Government Purchase Card Program, and the rules and regulations that apply to Government purchases to ensure the card is not misused.

We compared OAG's February 5, 2015 list of active purchase cardholders to its list of cardholders who completed the Agency's Micro-Purchasing training course. Of the 2,690 active cardholders SSA identified, 18 had insufficient documentation to indicate they completed the required training. For these cardholders, training certificates were not provided or showed completion dates outside the period prescribed by Agency policy.

Lack of training can lead to inappropriate use of the purchase card. Further, SSA policy states that failure to complete required refresher training will result in suspension of the cardholder's acquisition authority and deactivation of their purchase card until the cardholder completes refresher training.<sup>15</sup> As of October 2015, SSA had not suspended the 18 cardholders' acquisition authorities, and their purchase card accounts had not been deactivated.

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<sup>12</sup> SSA's Micro Purchasing Course, Part I, Chapter 5, Section 3 (December 2014) indicates the ratification process requires OAG staff to investigate the transactions and provide the facts to OAG's Associate Commissioner for approval or denial of the request. If approved, OAG takes appropriate action to approve and document the transactions. If denied, OAG's Associate Commissioner forwards the request to the Deputy Commissioner for Budget, Finance, Quality and Management for review.

<sup>13</sup> SSA, *FY 2014, Purchase Card Management Plan*, p. 2, January 31, 2014.

<sup>14</sup> *Id.* at p. 4.

<sup>15</sup> *Id.*

In October 2015, we forwarded information for the 18 purchase cardholders who needed training to OAG. Staff confirmed the cardholders did not complete required training and requested cardholders complete the training.

In January 2016, of the 18 purchase cardholders who needed training, the Agency provided training certificates for 13. These cardholders completed refresher training in Calendar Year 2015—after we notified the Agency the cardholders still needed training. However, the training did not occur within 3 years, as required by Agency policy.

According to OAG staff, the 13 cardholders were not notified to complete refresher training because staff did not properly record their prior training. Staff explained, “. . . the only viable reason for OAG’s inability to produce the refresher training certification for the 13 employees for the required month/year is human error. We overlooked entering each person’s name and certification date on our Micro-purchase training spreadsheet.” The five remaining cardholders had not completed refresher training, as required, but card accounts were closed for two. Training certificates for three remained outstanding as of January 2016.

## Separated Employee Identified as Active Purchase Cardholder

Purchase cardholders are delegated acquisition authority to use purchase cards. SSA policy states the Agency program coordinator’s responsibilities include “. . . establishing new or cancelling purchase card accounts . . . .”<sup>16</sup> According to the Agency’s 2014 Purchase Card Management Plan, the Agency program coordinator closes the credit card account with the bank after they receive the change of profile form from the cardholder’s program coordinator.

The lead Agency program coordinator received a monthly report of all employees who left the Agency from SSA’s Office of Personnel. SSA staff further explained that staff reviewed the report monthly to identify separated employees whose purchase card accounts remained open. The lead Agency program coordinator then closes any accounts identified. The Purchase Card Management Plan does not identify an explicit deadline for closing purchase card accounts when employees separate from the Agency. OAG staff reported “. . . standard operating procedures require incoming actions, e.g., terminations, to be completed within 5-workdays after receipt of a complete and correct request from the coordinator or receipt of the separation list from the Office of Human Resources.”

As of September 30, 2014, one employee who had separated from SSA had an active purchase charge card. This employee left the Agency on July 31, 2014, and SSA staff did not close the purchase card account until August 21, 2015. In addition, we found no documentation to indicate the purchase card was destroyed. By completing the Form SSA 2334, *Clearance of Employees for Separation or Transfer*, the cardholder’s supervisor ensures the purchase card’s destruction, and the cardholder, supervisor, or the component’s purchase card coordinator emails a certification statement to the Agency program coordinator that the card is destroyed. Not

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<sup>16</sup> SSA, AIMS, MRM 06.16.08.B1 (January 2, 2004).

timely closing a purchase card account when an employee separates from SSA exposes the Agency to risk of financial loss.

We discussed the results of our review with SSA staff in November 2015 and March 2016. Staff reported “. . . the only logical explanation for this is that [the separated employee]’s personnel action was not entered into the HR [Office of Human Resources]’ system by the date the report was automatically generated and forwarded to OAG. Therefore, OAG was not aware that [the employee had] retired until August 19, 2015.” According to OAG staff, it closed the account on August 21, 2015.

## Questionable Weekend Transaction

We found two instances of questionable transactions related to purchase card charges made on non-workdays. According to SSA policy,<sup>17</sup> cardholders cannot use the purchase card for travel expenses (for example, airlines/transportation, meals, and lodging). Although the Agency does not prohibit cardholders from using the purchase card on the weekend, we believe these types of transactions carry a higher risk of misuse or abuse of the purchase card.

We found two transactions that we question. One cardholder admitted mistakenly taking the purchase card to a management conference in July 2014. The cardholder used the purchase card to charge hotel expenses totaling \$449. For this type of transaction, the cardholder should have used the Government travel card. The cardholder stated she disputed the charges and forwarded a personal check for \$449 to SSA’s Office of Finance. OAG did not confirm it received the reimbursement and requested the cardholder forward a copy of the canceled check. As of December 2015, we had not received a copy of the canceled check. Agency staff stated the cardholder could not locate supporting documentation to show she reimbursed SSA. Subsequently, OAG identified an additional \$64 in travel-related expenses for this cardholder. In January 2016, SSA’s Office of Finance confirmed receipt of \$449 for hotel expenses and \$64 for other travel-related expenses.

The remaining employee did not provide supporting documentation to verify purchase card charges from Walmart totaling \$77. Since the employee did not provide documentation, we could not determine whether the purchase was appropriate. We discussed this transaction with OAG staff and, as of February 2016, OAG was reviewing the questionable weekend transaction.

We believe purchase card transactions that occur on the weekend can indicate potential misuse. Identifying such transactions can help SSA minimize improper and abusive purchase card activities. As of December 2015, SSA had taken no disciplinary actions against these two cardholders. As of February 2016, SSA had provided no additional information.

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<sup>17</sup> SSA, AIMS, MRM 06.16.03.C3 (January 2, 2004) *Policy and Guidance*, refers to the SSA’s Micro Purchasing Course, Part II, Chapter 2, Section 2.

## CONCLUSIONS

Except for the items discussed above, generally, SSA's compliance with its purchase card policies and procedures has improved and SSA implemented corrective actions pertaining to our prior recommendations. However, we identified instances of noncompliance with the Agency's policies and procedures and possible split purchases. We also questioned the appropriateness of certain transactions that occurred over the weekend.

## RECOMMENDATIONS

We recommend the Agency:

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.

## AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix D.



Rona Lawson  
Deputy Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To achieve our objectives, we:

- Reviewed applicable laws, regulations, and Social Security Administration (SSA) policies and procedures regarding the purchase card program.
- Reviewed prior Office of the Inspector General reports.
- Interviewed staff from SSA's Offices of Acquisition and Grants and Human Resources.
- Obtained and reviewed SSA's Annual Purchase Card Management Plan for 2014.
- Obtained and reviewed disciplinary actions reported for the period October 1, 2013 through September 30, 2014 pertaining to purchase card use.
- Obtained purchase charge card data for Fiscal Year 2014 from Citibank.<sup>1</sup> This included 2,737 cardholders and 146,481 purchase card transactions totaling about \$60.5 million.<sup>2</sup> Of the 146,481 transactions, 146,236 were less than or equal to \$3,000 each. These transactions are considered micro-purchases. We selected and reviewed several samples of cardholders and transactions. See Appendix B for more information.
- Analyzed all transactions for unusual spending activity and other purchase trends.
- Reviewed irregular and blocked Merchant Category Codes.
- Reviewed training certificates for 2,690 purchase cardholders as of February 5, 2015.
- Determined whether SSA had canceled purchase charge cards when employees separated from the Agency.

We determined the computer-processed data used for this audit were sufficiently reliable for their intended use. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion. We obtained the data used in our audit from the CitiDirect Card Management System and SSA.

The principal entity audited was the Office of the Deputy Commissioner for Budget, Finance, Quality, and Management. We conducted our review between May and November 2015 at SSA's Headquarters in Baltimore, Maryland. We conducted this performance audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

<sup>2</sup> Our review did not include the Office of the Inspector General purchase charge cardholders or their transactions.

## Appendix B – SAMPLING METHODOLOGY

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We obtained Citibank purchase charge card data for the period October 1, 2013 through September 30, 2014.<sup>1</sup> The data pertained to 2,737 Social Security Administration purchase cardholders' 146,481 purchase card transactions totaling about \$60.5 million.<sup>2</sup> We selected and assessed the following samples of cardholders and transactions.

- Reviewed the highest dollar value transaction of the 10 employees with the highest total amount of purchase card transactions during our audit period.
- Reviewed the 25 highest dollar transactions greater than or equal to \$3,000 each.
- Reviewed the 25 highest negative dollar transactions (credits).
- Analyzed 1,877 transactions made by 295 cardholders for possible split purchases. We identified 535 groupings of multiple purchase transactions that met the following criteria: (1) transactions totaled over the \$3,000 micro-purchase threshold, (2) transactions were made by the same cardholder, and (3) transactions involved the same vendor on the same day. Of the 535, we reviewed 72 of these transaction groupings—264 transactions made by 50 cardholders—to determine whether cardholders made possible split purchases.
- Examined 50 of 1,999 possible duplicate transactions.
- Reviewed 221 transactions made on weekends. We removed all transactions for the purchase of nondurable goods and all transactions for a service.
- Reviewed 28 transactions made on Federal holidays. We removed all transactions for the purchase of nondurable goods and all transactions for a service.
- Removed 4,568 small dollar transactions from \$.01 to \$10.00, and 431 credit transactions from -\$0.03 to -\$10.00.
- Selected and reviewed 50 transactions to determine compliance with the Social Security Administration's purchase card policies and procedures.

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<sup>1</sup> Data were from the CitiDirect Card Management System.

<sup>2</sup> Our review did not include the Office of the Inspector General purchase charge cardholders or their transactions.

**Table B-1: FY 2014 Government Purchase Card Transactions**

Type of Purchase	Sample	Sample Amount	Population Amount	Number of Errors	Percent of Sample	Amount of Errors
High-Dollar Employee Transactions	2,549	\$4,018,545	2,549	0	0	\$0
Transactions with Dollar Amounts > \$3,000	25	\$650,177	25	0	0	\$0
Transactions with Largest Negative Dollar Amounts	25	(\$73,838)	25	0	0	\$0
Split Purchases	72	\$316,755	1,877 <sup>3</sup>	20	28	\$94,933
Duplicate Purchases	50 <sup>4</sup>	\$20,524	5,674 <sup>5</sup>	0	0	\$0
Transactions Occurring on the Weekend <sup>6</sup>	221	\$86,877	10,478	2	1	\$526
Transactions Occurring on a Holiday <sup>7, 8</sup>	28	\$10,641	492	0	0	\$0
Transactions with Values of \$10.01 - \$3,000	50	\$22,244	120,362	17	34	\$6,127
<b>Total</b>	<b>3,020</b>	<b>\$5,051,925</b>	<b>141,482</b>	<b>39</b>	<b>1</b>	<b>\$101,586</b>

<sup>3</sup> There were 535 possible split purchases that totaled 1,877 transaction line items.

<sup>4</sup> One cardholder (two transaction line items) was removed because the two transactions cancelled each other.

<sup>5</sup> There were 1,999 possible duplicate purchases that totaled 5,674 transaction line items.

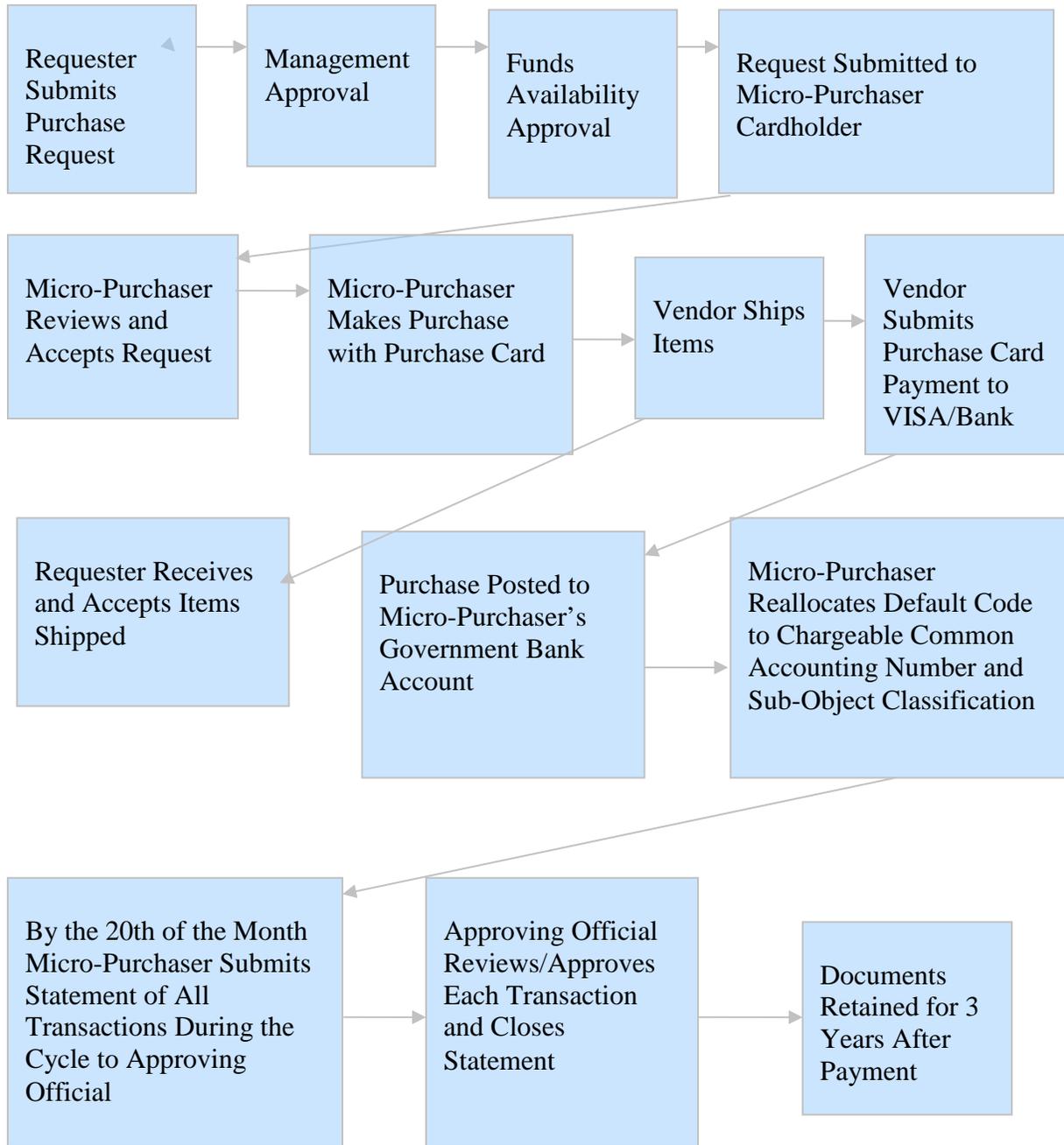
<sup>6</sup> We removed all nondurable goods and services.

<sup>7</sup> Id.

<sup>8</sup> There were 10 Federal holidays.

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

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## Appendix D– AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

**Date:** April 25, 2016 **Refer To:** SIJ-3

**To:** Patrick P. O’Carroll, Jr.  
Inspector General

**From:** Frank Cristaudo /s/  
Counselor to the Commissioner

**Subject:** Office of the Inspector General Draft Report, “Social Security Administration’s Fiscal Year 2014 Government Purchase Card Program” (A-13-15-50038)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
"THE SOCIAL SECURITY ADMINISTRATION'S FISCAL YEAR 2014  
GOVERNMENT PURCHASE CARD PROGRAM" (A-13-15-50038)**

**General Comments**

We are always striving to improve our Purchase Card Program. Since the OIG's March 2010, report (*The Social Security Administration's Purchase Card Program*), we made several improvements to our Purchase Card Program. For instance, we issued an Acquisition Alert in October 2010, with micro-purchase reminders, and in February 2012, we issued a Special Notice to all cardholders and approving officials, listing all the Fiscal Year (FY) 2010 and 2011 Acquisition Alert Reminders. Beginning in October 2012, we began issuing Quarterly Reminder Special Notices to all cardholders and approving officials.

We are committed to managing and improving our Purchase Card Program policy by implementing internal controls and safeguards to maintain program integrity. In March 2015, we replaced our micro-purchase training course tracking process. We now receive and process training certifications by either entering the name and certification completion date into our database or the certification completion date if the name is already in the database. To ensure accuracy, we recheck the database to verify the name and completion date are correct. In addition, in April 2016, we updated our standard operating procedures to add a filing verification process to ensure we file training certifications in the appropriate files moving forward.

Finally, in December 2015, we transitioned from the General Services Administration's Merchant Category Code (MCC) to Social Security Administration (SSA) MCC Groups. By having our own MCC, it enables us to block more MCCs to deter fraud, abuse, and misuse of purchase cards.

**Recommendation 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.

**Response**

We agree. By June 30, 2016, we will issue an Acquisition Alert to remind purchase cardholders to comply with our policies and procedures for recording purchase card transactions in purchase order logs and retain required documentation, including signed and dated receipt and acceptance of goods and services.

**Recommendation 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.

## **Response**

We agree. By the end of April 2016, we will complete our assessment of the 28 split purchases identified. We completed assessment of 19 split purchases and determined they all meet our criteria for split purchases. We recently released decision notifications to the cardholders, and are notifying the cardholders' approving official to request ratification of the unauthorized commitment per our policy (Administrative Instruction Manual System, Material Resources Manual, 06.04, Ratification of an Unauthorized Commitment).

Depending on the results of our analysis for all 28 cases, we will determine if it is necessary to adjust our monitoring process. In OIG's monitoring process for this review, it evaluated the CitiDirect's "transaction post date", which could show purchases made to the same vendor on different days; which does not meet the criteria for a split purchase. We monitor the CitiDirect's "transaction date" to identify split purchases, which reflects purchase transactions to the same vendor on the same day; which does meet the criteria for a split purchase.

## **Recommendation 3**

Implement a verification process to ensure purchase card training completion, certification, and other related information are included in the applicable training records.

## **Response**

We agree. As mentioned in the general comments, we have put a verification process in place for recording the name and training date for cardholders. In addition, in April 2016, we added a filing verification process to ensure the training certification is included in the applicable cardholder files.

## **Recommendation 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.

## **Response**

We agree. By June 30, 2016, we will issue an Acquisition Alert to remind 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 the purchase card account is closed.

## **Recommendation 5**

Determine the appropriateness of, and take appropriate actions, regarding the questionable transaction that occurred over a weekend.

## **Response**

We agree. By the end of April 2016, we will complete our review of the questionable weekend transaction and take the necessary action. In addition, by the end of December 2016, we will complete our evaluation of OIG's methodology for identifying transactions that occurred over a weekend to determine if we should add this process to our ongoing Acquisition Management Review process.

## Appendix E – ACKNOWLEDGMENTS

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