



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL



*U.S. Chemical Safety Board*

# CSB Purchase Card Program at Low Risk for Unauthorized Purchases

Report No. 18-P-0218

July 3, 2018

**LOW RISK**



Fiscal Year 2017

588 transactions:

\$306,537

7 convenience checks:

\$14,704

## Report Contributors:

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## Abbreviations

CSB U.S. Chemical Safety and Hazard Investigation Board  
FY Fiscal Year  
OIG Office of Inspector General  
OMB Office of Management and Budget  
U.S.C. United States Code

**Cover Image:** Shows total transactions for both purchase cards and convenience checks, as well as the OIG's determination of risk. (OIG image)

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# At a Glance

## Why We Did This Project

The Office of Inspector General (OIG) performed this risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year (FY) 2017, as required by the Government Charge Card Abuse Prevention Act of 2012. The act requires the Inspector General of each agency to conduct periodic assessments of the agency's purchase card or convenience check program to analyze the risks of illegal, improper or erroneous purchases.

In FY 2017, we conducted a risk assessment of the CSB's purchase card program (EPA OIG Report No. [17-P-0303](#), July 5, 2017). Our FY 2017 risk assessment found that the CSB made improvements to its internal controls, and we determined that the program was at low risk for illegal, improper or erroneous purchases and payments. As a result, we conducted another risk assessment—not an audit—in FY 2018.

## This report addresses the following CSB goal:

- *Create and maintain an engaged, high-performing workforce.*

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## CSB Purchase Card Program at Low Risk for Unauthorized Purchases

### What We Found

The CSB purchase card program is at low risk for unauthorized purchases. We found, with one exception, that the CSB complied with applicable plans and guidance. The CSB should continue to follow the requirements set forth in its *Charge Card Management Plan* and in Office of Management and Budget guidance governing agency purchase cards.

**The CSB's purchase card program, through which the agency spent \$321,241 in FY 2017, is at low risk for unauthorized purchases.**

We reviewed a sample of 18 purchase card and two convenience check transactions and found that 17 of the purchase card and both of the convenience check transactions were legitimate. In one instance, CSB personnel identified a transaction made by an outside party as fraudulent, took proper steps to reverse the charge, and closed the associated charge card.

As part of our current risk assessment, we followed up on an issue that we identified in our FY 2017 risk assessment: split transactions. We reviewed FY 2017 transactions to determine whether any were split transactions, and we found none. We also confirmed that the CSB addressed the one recommendation we made in our FY 2017 report.

Based on our risk assessment, we make no recommendations in this report.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

July 3, 2018

Dr. Kristen Kulinowski, Ph.D.  
Interim Executive Authority and Member  
U.S. Chemical Safety and Hazard Investigation Board  
1750 Pennsylvania Avenue NW, Suite 910  
Washington, D.C. 20006

Dear Dr. Kulinowski:

This is our report on our risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year 2017. This report represents the opinion of the Office of Inspector General (OIG) and does not necessarily represent the final CSB position.

You are not required to respond to this report because this report contains no recommendations. However, if you submit a response, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", written in a cursive style.

Arthur A. Elkins Jr.

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## Purpose

Our objective was to perform a risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year (FY) 2017. The Government Charge Card Abuse Prevention Act of 2012, at 41 U.S.C. § 1909(d), requires the Inspector General of each agency to conduct periodic assessments of the agency's purchase card or convenience check program to analyze the risks of illegal, improper or erroneous purchases.

## Background

The CSB is an independent federal agency charged with investigating industrial chemical incidents and hazards. Headquartered in Washington, D.C., the agency's board members are appointed by the President and confirmed by the U.S. Senate. The CSB was established by the Clean Air Act Amendments of 1990 and became operational in 1998.

The Government Charge Card Abuse Prevention Act of 2012 reinforced administration efforts to prevent waste, fraud and abuse of governmentwide charge card programs. The act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards and centrally billed accounts. The act also requires the Office of Inspector General (OIG) to conduct periodic risk assessments of an agency's purchase card or convenience check program to analyze the risks of illegal, improper or erroneous purchases. These risk assessments will be used to determine the necessary scope, frequency and number of audits that the OIG needs to conduct of these programs.

## Scope and Methodology

We conducted this purchase card program risk assessment from March 2018 to June 2018 in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform our project to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

We reviewed, analyzed and documented the CSB's internal controls. In FY 2017, the CSB completed 588 purchase card transactions with a total net value of \$306,537, and seven convenience check transactions with a total net value of \$14,704, for a grand total value of \$321,241. We judgmentally selected a sample of 18 purchase card transactions, valued at \$35,439, and two convenience check transactions, valued at \$5,468. We selected the transactions based on their amounts and types, and we reviewed each one for legitimate purchases, proper authorization and approvals based on the CSB's *Charge Card Management Plan*

requirements. In addition, we analyzed the CSB's management plan to determine whether it had controls to prevent fraud, waste and abuse of purchase cards.

## Prior Report

In FY 2017, the OIG conducted a risk assessment of the CSB's purchase card program. We issued Report No. [17-P-0303](#), *CSB Purchase Card Program at Low Risk for Unauthorized Purchases*, on July 5, 2017, and assessed the CSB's purchase card program as low risk. We made one recommendation in the report. The CSB completed its planned corrective action in March 2018. Based on the results of that risk assessment, the OIG determined that another risk assessment—not an audit—should be performed in FY 2018.

## Results

The CSB purchase card program continues to be at low risk for unauthorized purchases. We found—with one exception, when a convenience check was used for a purchase over \$2,500—that the CSB complied with applicable plans and guidance. The CSB should continue to follow the requirements set forth in its *Charge Card Management Plan* and in the Office of Management and Budget's (OMB's) guidance<sup>1</sup> governing agency purchase cards.

Our review of the 18 sampled purchase card transactions and two sampled convenience check transactions found that 17 of the purchase card and both of the convenience check transactions were legitimate. In the one purchase card transaction that was not found to be legitimate, the CSB had identified the transaction as fraudulently made by an outside party, took proper steps to reverse the charge, and closed the associated charge card.

We identified two transactions that required us to follow up with the CSB:

- One purchase card transaction exceeded the \$3,500 purchase card limit.
- One convenience check transaction exceeded the CSB-imposed limit of \$2,500.

The purchase card transaction was made to a foreign vendor after the CSB determined that a purchase card was the best method of payment. The CSB provided support showing that the transaction was properly executed and adhered to federal regulations. For the convenience check transaction, a CSB reviewing official had identified the error and instructed the employee who made the error regarding CSB policy. These actions were adequate and showed that the CSB has proper internal controls in place for such transactions.

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<sup>1</sup> The OMB's two guidance documents related to purchase cards are *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, Memorandum M-13-21, September 6, 2013; and *Improving the Management of Government Charge Card Programs*, Appendix B to OMB Circular No. A-123, January 15, 2009.

## ***CSB Is Compliant with OMB Split-Purchase Transaction Requirements***

The CSB is compliant with the OMB's split-purchase transaction requirements. In our FY 2017 risk assessment, we identified unallowable split transactions as a possible issue for the CSB purchase card program. As a result, during our current review of the *CSB FY 2017 Account Activity Report*, we looked for identical transactions, which possibly signify that purchases are being split to avoid complying with acquisition thresholds. Our review identified two instances where there were two separate transactions made on the same day to the same vendor for the same amount. These transactions appeared to be split transactions.

The first instance of duplicate transactions occurred on February 14, 2017, for \$2,500 each (\$5,000 total). The second instance of duplicate transactions occurred on September 26, 2017, for \$3,200 each (\$6,400 total). We analyzed these transactions further; if each of the duplicate charges was intended to be grouped with the initial charge for one purchase, then the overall transactions would have exceeded the \$3,500 micro-purchase threshold. Our analysis of these two charges, however, found that corresponding credits were posted for \$2,500 and \$3,200, respectively, on the same day, thereby offsetting the second transactions. These credits resulted in only one charge to the merchant in each case.

## **Conclusion**

Based on the results of our risk assessment, we determined that the CSB's purchase card program is at low risk. Therefore, in FY 2019, we plan to conduct another annual risk assessment, in accordance with OMB Memorandum M-13-21, for the CSB's FY 2018 purchase card program transactions. Based on the results of our risk assessment, we make no recommendations.

## **CSB Response**

The CSB agreed with our report and did not provide written comments.



## ***Distribution***

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