



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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September 15, 2021

TO: ROBIN CARNAHAN  
ADMINISTRATOR (A)

FROM: CAROL F. OCHOA  
INSPECTOR GENERAL (J)

SUBJECT: GSA Office of Inspector General's Fiscal Year 2020 Risk Assessment of  
GSA's Charge Card Program  
Audit Memorandum Number A210029

We conducted a risk assessment of GSA's charge card program to identify and analyze risks of illegal, improper, or erroneous purchases related to GSA's purchase and travel cards. We based our risk assessment on limited testing of purchase and travel card transactions.

We assessed the risk for GSA's purchase card program as moderate. Through our limited purchase card testing, we noted the Office of Administrative Services (OAS) maintained a 100 percent follow-up rate for high-risk transactions that it had deemed questionable (e.g., purchases containing the words casino, gift, or party). However, we also found that OAS should improve its purchase card controls to ensure that cardholders upload supporting documentation into GSA's system of record.

We assessed the risk for GSA's travel card program as low. Through our limited travel card testing, we noted OAS improved its process for reviewing delinquent cardholder accounts compared to the prior year.<sup>1</sup> However, we also found that OAS did not ensure that GSA travel cardholders completed mandatory travel card training every 2 years. Since travel cards are individually billed accounts and liability rests with the cardholder and not the Agency, they continue to be inherently low risk to GSA.

*Figure 1* presents our Fiscal Year (FY) 2020 assessment ratings for GSA's purchase and travel card programs. Our ratings are consistent with our FY 2019 charge card risk assessment.<sup>2</sup>

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<sup>1</sup> *Audit of GSA's Fiscal Year 2019 Travel Card Program* (Report Number A200984/O/3/F20004, September 18, 2020).

<sup>2</sup> *GSA Office of Inspector General's Fiscal Year 2019 Risk Assessment of GSA's Charge Card Program* (Audit Memorandum Number A200999, September 30, 2020).

**Figure 1 – Results of Risk Assessment**

<b>Charge Card Program</b>	<b>Assessed Level of Risk</b>
Purchase Card	Moderate
Travel Card	Low

### **Background**

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) was enacted to prevent waste, fraud, and abuse that may exist in federal charge card programs. The Charge Card Act and Office of Management and Budget (OMB) Revised Circular No. A-123 Appendix B, *A Risk Management Framework for Government Charge Card Programs*, requires Inspectors General to periodically conduct risk assessments of purchase and travel card programs. These assessments analyze the risks of illegal, improper, or erroneous purchases and payments. Inspectors General are required to use these risk assessments to determine the necessary scope, frequency, and number of audits to be performed in these areas.

In FY 2020, GSA used its purchase cards for goods and services totaling \$32.8 million. GSA purchase cards are centrally billed accounts, and liability for all purchases rests with GSA. Travel card spending for FY 2020 totaled \$4.9 million. GSA travel cards are individually billed accounts, and liability for purchases rests with the cardholder. As GSA is obligated to pay the balance for purchase card transactions, purchase cards inherently carry more risk than travel cards.

### **Risk Assessment Methodology**

Our risk assessment is based on our limited testing of FY 2020 purchase and travel card transactions. The methodology is discussed in detail below.

### **Purchase Card Risk Assessment**

Our risk assessment determined that GSA’s purchase card program has a moderate level of risk. For this risk assessment, we performed limited testing over FY 2020 purchase card transactions. Specifically, we:

- Examined relevant criteria including public laws, Appendix B to OMB Revised Circular No. A-123, and GSA directives, purchase card policies, and procedures;
- Reviewed our prior charge card risk assessments;
- Reviewed OAS’s FY 2020 charge card risk assessment;
- Performed trend analyses of cardholder and regional spending for FY 2020 purchase card transactions;

- Tested a non-statistical sample of 15 transactions below and 5 transactions above the micro-purchase threshold to determine whether purchase card transactions were fully supported and controls were operating effectively;<sup>3</sup>
- Reviewed purchase card questionable charges reports to determine whether there was adequate resolution of questionable charges;
- Tested a non-statistical sample of 24 questionable charges to determine if the transactions were appropriate and fully supported and controls were operating effectively; and
- Verified that OAS is testing split transactions, which are transactions that result from separating a single purchase into multiple transactions to circumvent procurement requirements.

We found that some cardholders are still failing to upload the required supporting documentation for purchase card transactions in Pegasys, the purchase card system of record. OAS implemented internal controls in FY 2016 to address this issue. However, we noted missing documentation in our FY 2018, FY 2019, and current FY 2020 risk assessments. Specifically, 6 of the 20 FY 2020 transactions we tested did not have all of the required supporting documentation in Pegasys. Examples of this missing documentation include invoices and advance written authorization for purchases from an approving official.

Unlike our findings in our FY 2019 charge card risk assessment, our current year testing found that GSA appears to have proper controls in place to identify and respond to potentially split transactions.

Finally, our testing of the FY 2020 transactions found that OAS was in compliance with GSA's Charge Card Management Plan and followed up on 100 percent of questionable charge non-responses. This is consistent with our FY 2019 charge card risk assessment.

Based on the findings from our limited purchase card testing identified above, and the centrally billed nature of purchase card accounts, we assessed the risk for GSA's purchase card program as moderate. OAS should continue to improve controls over cardholders uploading supporting documentation into GSA's purchase card system of record.

### **Travel Card Risk Assessment**

Our risk assessment determined that GSA's travel card program has a low level of risk. For this risk assessment, we performed limited testing over FY 2020 travel card transactions. Specifically, we:

- Examined relevant criteria, including public laws, Appendix B to OMB Revised Circular A-123, and GSA directives, travel card policies, and procedures;

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<sup>3</sup> A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures. The micro-purchase threshold increased to \$10,000 on June 26, 2018.

- Reviewed our prior audit reports related to the travel card program;
- Performed a trend analysis of cardholder and regional spending using all FY 2020 travel card transactions;
- Tested a non-statistical sample of seven travel card charges to determine if they were properly authorized, reported, and supported and controls were operating effectively;
- Tested a non-statistical sample of 25 travel cardholders to determine if the employee completed the required training and controls were operating effectively;
- Evaluated OAS's processes related to the detection, resolution, and prevention of questionable travel card charges and delinquent payments; and
- Analyzed GSA's voucher data to identify instances of employees not following travel card policies.

We found that there is an opportunity to improve internal controls over travel cards. Specifically, GSA did not have effective controls in place to ensure that active GSA travel cardholders completed the mandatory travel card training every 2 years. Although 96 percent of travel cardholders in our sample completed the GSA travel card training and 92 percent of travel cardholders in our sample completed the temporary duty travel training, we noted weaknesses in the internal controls in place to ensure that all active GSA travel cardholders completed the mandatory travel card training every 2 years.

While our limited testing identified internal control weaknesses with the travel card program, the risk to GSA is inherently less because the travel card accounts are individually billed and the cardholder is responsible for paying for the charges against the travel card rather than GSA. Therefore, we assessed the risk for GSA's travel card program as low.

I would like to thank you and your staff for your assistance during this risk assessment. If you have any questions regarding this audit memorandum, please contact me at 202-501-0450, or R. Nicholas Goco, Assistant Inspector General for Auditing, at 202-501-2322.

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