



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

Memorandum

January 27, 2022

TO: Erhard R. Chorlé, Chairman

Original Signed By:

FROM: Martin J. Dickman, Inspector General

SUBJECT: Fiscal Year 2021 Risk Assessment for the Government Charge Card Abuse Prevention Act of 2012

The Government Charge Card Abuse Prevention Act of 2012 (Act) mandates responsibilities for the Inspector General (IG) of each executive agency.¹ The IG at each agency is required to conduct periodic risk assessments of agency purchase card or convenience check transactions. They are also required to conduct periodic audits or reviews of travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. In addition, they are to develop a plan to determine the scope, frequency, and number of IG audits that are to be performed. The Act requires each IG to report the results of such analysis or audits to the head of the executive agency.

The Act further mandates that the IG perform analysis or audits, as necessary, of purchase card transactions designed to identify: potentially illegal, improper, or erroneous uses of purchase cards; any patterns of such uses; and categories of purchases that could be made by means other than purchase cards in order to better aggregate purchases and obtain lower prices.

The Act also mandates that the IG report agency progress in implementing audit recommendations to the Director of the Office of Management and Budget.

The Railroad Retirement Board (RRB) Office of Inspector General (OIG) conducted a risk assessment of the RRB's purchase and travel card programs for fiscal year 2021 that included a review of the implementation status of existing audit recommendations related to those programs. The RRB's purchase and travel card spending totaled

¹ Public Law 112-194

approximately \$741,563 and \$85,731, respectively. The RRB's spending was below the \$10 million threshold established for increased oversight and reporting.

Based on the results of our fiscal year 2021 purchase and travel card risk assessment, our office assessed the overall risk level of illegal, improper, or erroneous purchases and payments as low.

Prior RRB-OIG Audits

In fiscal year 2021, OIG engaged Harper, Rains, Knight & Company (HRK) to conduct a performance audit of RRB's purchase card program.² The purpose of the audit was to identify and assess control weaknesses for the RRB's purchase card program. HRK concluded that the RRB purchase card program substantially complies with laws and regulations. However, HRK did identify one instance of noncompliance with the Office of Management and Budget Circular A-123, Appendix B, A Risk Management Framework for Government Charge Card Programs, Revised August 27, 2019. They also identified one instance of noncompliance with the Government Charge Card Abuse Prevention Act of 2012. In this report, HRK had two findings resulting in four recommendations regarding the RRB's purchase card program. Management concurred and informed us that they are currently in the process of updating their procedures to help close out the recommendations. These recommendations are as follows:

1. Office of the Director of Administration update its policies and procedures to include the following required safeguards and internal controls to be compliant with the Government Charge Card Abuse Prevention Act of 2012 and Office of Management and Budget Circular A-123, Appendix B.
 - Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on purchase card accounts are reviewed for accuracy and properly recorded as a receipt to the agency that pays the monthly bill." (per the Act)
 - Contact employees to inquire about questionable or suspicious transactions." (per OMB Circular A-123 Appendix B) (Recommendation 1);
2. Office of the Director of Administration create a monitoring procedure to periodically review the higher-level federal policy for the purchase card program to address when changes or updates are made to federal law or Office of Management and Budget or General Services Administration guidance. (Recommendation 2);
3. Office of the Director of Administration create a control where management reviews, on a sample basis, the purchase card account opening documentation to ensure it adheres to the RRB Administrative Circular OA-21 that states, "The Agency/Organization Program Coordinator will not process the application

² RRB OIG, Railroad Retirement Board (RRB) Office of Inspector General (OIG), *Audit of the Purchase Card Program at the Railroad Retirement*, Report No. 21-06 (Chicago, IL: May 27, 2021).

unless the cardholder and the approving official have completed the necessary training. The certificate of completion must be attached to the application, along with the completed RRB Form G-754." (Recommendation 3); and

4. Office of the Director of Administration maintain all documentation related to the opening of an account in an electronic environment to support ease of retrieval. (Recommendation 4)

In fiscal year 2017, OIG performed an audit of the RRB's compliance with the Federal Travel Regulation (FTR).³ The purpose of this audit was to determine if the RRB complied with the FTR, and implemented and enforced adequate internal controls. In this report, the OIG made six recommendations related to the travel card program; four of which remain open. They are as follows:

1. Bureau of Fiscal Operations revise RRB travel policies and procedures to require that temporary duty travel approvers verify that the travel card was used by the traveler, if applicable (Recommendation 9);
2. Bureau of Fiscal Operations revise RRB travel policies and procedures to require the non-usage of a travel card be justified and documented (Recommendation 10);
3. Office of Administration conduct refresher training on required travel card usage requirements for travel cardholders and approvers to ensure compliance with the FTR (Recommendation 11); and
4. Office of Administration update their process for the issuance and deactivation of travel cards to ensure compliance with Federal law and RRB travel policies and procedures (Recommendation 12).

In fiscal year 2015, OIG performed an audit of RRB's internal controls over obligations.⁴ The purpose of this audit was to assess the effectiveness of internal controls in ensuring that obligations were recorded and reported in accordance with applicable laws and regulations. In this report, the OIG made three recommendations related to the purchase card program, two of which remain open. They are as follows:

1. Office of Administration strengthen internal controls to ensure that purchase card training is completed by each purchase card holder within the timeframes required by OMB and agency guidance (Recommendation 1); and

³ RRB OIG, *Railroad Retirement Board Did Not Always Comply with the Federal Travel Regulation*, Report No. 17-04 (Chicago, IL: April 11, 2017).

⁴ RRB OIG, *Audit of the Internal Controls Over Obligations at the Railroad Retirement Board*, Report No. 15-08 (Chicago, IL: August 14, 2015).

2. Office of Administration revise agency administrative circulars OA-14 and OA-21 and control activities when agency systems are replaced, or as needed (Recommendation 11).

In fiscal year 2013, OIG performed an audit of RRB's compliance with the Government Charge Card Abuse Prevention Act of 2012.⁵ The purpose of this audit was to determine whether the RRB was in compliance with the Government Charge Card Abuse Prevention Act of 2012. In this report, the OIG made three recommendations, two of which remain open. They are as follows:

1. Office of Administration update management control review documentation for the Procurement Assessable Unit to include a control for periodic continuing need reviews of charge card holders (Recommendation 1); and
2. Office of Administration develop written procedures for continuing need reviews, to include when and how often the review should be performed (Recommendation 2).

Conclusion

We have assessed the overall risk of illegal, improper, or erroneous purchases and payments as low.

cc: John Bragg, Labor Member
Thomas R. Jayne, Management Member
James Wilson, Attorney - Advisor to the Chairman
Kimberly M. Cameron, Assistant to the Chairman
Ana M. Kocur, General Counsel
Daniel J. Fadden, Director of Administration
Shawna R. Weekley, Chief Financial Officer
Timothy Hogueisson, Director of Audit Affairs and Compliance
Stephanie Hillyard, Secretary to the Board

⁵ RRB OIG, *Audit of the Railroad Retirement Board's Compliance with the Government Charge Card Abuse Prevention Act of 2012*, Report No. 13-10 (Chicago, IL: September 19, 2013).