

Department of Veterans Affairs

Memorandum

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From: Assistant Inspector General for Audits and Evaluations (52)
Subj: FY 2017 Risk Assessment of VA's Charge Card Programs
To: Inspector General (50)

Background

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) was enacted to prevent fraud, waste, and abuse in federal charge card programs. Office of Management and Budget (OMB) Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires Inspectors General to conduct annual risk assessments of illegal, improper, or erroneous purchases within charge card programs. Inspectors General are required to use risk assessments to determine the scope and frequency of audits or reviews of charge card programs.

The General Services Administration's SmartPay Program provides charge cards to federal agencies through contracts negotiated with U.S. banks. These charge cards enable authorized government employees to make purchases on behalf of the federal government in support of their organization's mission. Charge cards help agencies implement simplified acquisition procedures and provide a low-cost, efficient vehicle for obtaining goods and services directly from vendors.¹ VA uses three charge card business lines: purchase cards, travel cards, and fleet cards.

Scope and Methodology

The OIG conducted its risk assessment from October 2017 through May 2018. To accomplish its objective, the risk assessment team evaluated the three types of charge cards used by VA: purchase cards (including convenience checks), travel cards, and fleet cards. The team reviewed VA policies, procedures, and other controls applicable to these charge card programs. The OIG also obtained and analyzed FYs 2016 and 2017 charge card data to identify transactions or patterns of activity that represent potentially illegal, improper, or erroneous charge card purchases. The team considered the results and recommendations from prior OIG reviews,

¹ Account holders may also use convenience checks when merchants do not accept purchase cards or electronic funds transfers.

audits, and investigations that evaluated aspects of these programs. The team also reviewed VA’s FY 2016 and FY 2017 Annual Charge Card Management Plans. OMB Circular A-123, Appendix B requires that VA prepare these plans to address management controls, policies, and practices for ensuring appropriate charge card usage. Finally, the team reviewed VA’s Semi-Annual Report on Purchase Charge Card Violations, which describes confirmed charge card violations and adverse personnel actions, punishments, or other actions taken based on each violation.

The team based its risk assessment on the criteria listed in Table 1.

Table 1. VA OIG Risk Assessment Criteria for Charge Cards

Risk Level	Criteria
Low	Data analysis determined that less than 5 percent of charge card transactions reviewed were potentially illegal, improper, or erroneous.
Medium	Data analysis determined 5 to 20 percent of charge card transactions reviewed were potentially illegal, improper, or erroneous.
High	Data analysis determined more than 20 percent of charge card transactions reviewed were potentially illegal, improper, or erroneous.

Source: Criteria established by the OIG

Assessment 1: The VA Purchase Card Program Is at Medium Risk for Illegal, Improper, or Erroneous Purchases and Payments

The VA Purchase Card Program is the largest VA charge card program, as measured by both the number of transactions and the amount of spending. Agency purchase card spending increased by \$138.7 million (3 percent), from about \$4.1 billion in FY 2016 to about \$4.2 billion in FY 2017. The number of purchase card transactions also increased from FY 2016 to FY 2017 by about 132,000 (2 percent), from approximately 6.6 million in FY 2016 to about 6.7 million in FY 2017. VA had about 13,400 purchase cardholders in FY 2017: this number represented about 3.6 percent of VA’s workforce of approximately 370,000 full-time equivalent employees. The continuing growth in the VA purchase card program makes it important to have strong controls over these purchases. Such controls over the use of purchase cards are critical to ensuring VA uses taxpayer funds effectively and efficiently to serve the nation’s veterans.

Purchase Card Risk Assessment

The risk assessment team determined that sufficient evidence exists to assess a medium risk of illegal, improper, or erroneous purchases within VA’s Purchase Card Program. This is the same assessment the OIG made last year, which was based on VA’s FY 2015 purchase card data. The

team made this determination because its data mining of FY 2017 purchase card transactions showed that potential duplicate transactions represented 26.7 percent of all purchase card transactions. In addition, potential split purchases represented 12.4 percent of purchase card transactions. Although the percent of potential duplicate transactions qualifies the Purchase Card Program as a high risk in accordance with the criteria shown in Table 1, the risk assessment team also considered that this amount represents a 48.8 percent decrease compared to the previously reported number. Therefore, the team maintained the risk level at medium, consistent with the OIG's prior assessment. Key evidence included the analysis of FY 2017 purchase card data, the recent history of OIG findings and recommendations on the purchase card program, VA's FY 2017 Annual Charge Card Management Plan, and VA reports on purchase card violations and consequent adverse personnel actions.

Purchase Card Data Mining and Conclusion

The risk assessment team designed its analysis of FY 2017 purchase card data to identify transactions or patterns of activity that represent potential illegal, improper, or erroneous purchases. The analysis looked for control weaknesses and non-compliance in these areas:

- Duplicate payments for the same transaction
- Split purchases, which consist of a single purchase that is divided into two or more separate purchases to avoid exceeding the micro-purchase threshold²
- Approving officials assigned more than 25 cardholders³
- Inadequate recording or reporting of financial information
- Convenience check usage for higher-risk purchases from non-financial institutions for purchases such as stored-value cards, foreign currency, money orders, and traveler's checks
- Surges in year-end purchase card spending

The data mining, as depicted in Table 2, shows percentages of potential duplicate transactions; potential split transactions; records with no budget object code; records with no cost center and the number of approving officials assigned more than 25 purchase card accounts.

² *VA Financial Policy, Volume XVI Charge Card Program, Chapter 1 Government Purchase Card Program* states that splitting up a purchase to remain under the single purchase threshold is a violation of FAR 13.003(c)(2)(ii).

³ A high ratio of cardholders to approving officials is not conducive to thorough reviews of each cardholder's monthly billing statement and could hinder VA's ability to provide effective oversight of the purchase card program.

Table 2. VA OIG Purchase Card Risk Assessment

Measure	FY 2015	FY 2016	FY 2017	FY 2015 to FY 2017 Change
Charge Card Transactions	6,461,711	6,577,207	6,709,104	247,393
Amount of Charge Card Transactions	\$3,984,128,666	\$4,097,061,839	\$4,235,720,116	\$251,591,450
Purchase Cardholders	30,432	16,159	13,631	(16,801)
Percent of Potential Duplicate Transactions	52.1%	27.8%	26.7%	(48.8%)
Percent of Potential Split Transactions	24.0%	13.3%	12.4%	(48.2%)
Approving Officials Assigned More Than 25 Purchase Card Accounts	N/A	215	217	2
Percent of Records with No Budget Object Code	0.06%	0.05%	0.04%	(35.99%)
Percent of Records with No Cost Center	0.78 %	0.82%	0.76%	(1.42%)

Source: OIG analysis of VA charge card data

Note: The OIG analyzed FY 2015 data in its prior year risk assessment. This year, VA OIG analyzed FY 2017 data in order to evaluate the most recent and relevant charge card data. Thus, this table shows a comparison of FY 2017 to FY 2015, instead of FY 2016, with the exception of the comparison on the number of approving officials assigned more than 25 purchase card accounts. In FY 2016, VA policy changed from cardholders to accounts.

Potential Duplicate Payments

Duplicate payments occur when VA pays a merchant more than once for an amount owed. This results in overpayment for goods and services and can lead to the additional expense of trying to recover any overpayments that are identified. Duplicate payments pose a risk of financial loss to VA regardless of whether the transactions were inadvertent—processing errors or inaccurate recordkeeping—or fraudulent. VA policy requires cardholders to report duplicate payments to their approving official and Agency/Organization Program Coordinator to ensure that the federal government ultimately pays only for valid charges.

To assess program risk, the team identified potential duplicate payments by matching transactions that had the same purchase date, merchant name, credit card number, and dollar amount. Using this method, the team identified about 1.8 million potential duplicate payments in FY 2017, totaling approximately \$398 million. These amounts reflect a 48.8 percent decrease in the rate of potential duplicate transactions since FY 2015 and a 62.3 percent decrease in dollar

amount. Potential duplicate transactions are an indicator of possible overpayments; however, due to the limited scope of a risk assessment, the team did not determine if these transactions were actual duplicates.

Potential Split Purchases

A split purchase occurs when a cardholder intentionally modifies a known requirement into two or more purchases or payments to avoid exceeding the micro-purchase threshold for a single purchase. While there are exceptions to the threshold, the Federal Acquisition Regulation (FAR) generally establishes the micro-purchase limit at \$3,500. The FAR prohibits cardholders from splitting purchases to qualify for simplified acquisition procedures or to avoid requirements that apply to purchases above the micro-purchase threshold.

To assess program risk, the team identified potential split purchases by matching transactions that had the same purchase date, merchant name, credit card number, and which had an aggregate sum greater than \$3,500. The data mining of FY 2017 purchase card data identified about 834,000 potential split purchases totaling approximately \$883.3 million. While this reflects a 48.2 percent reduction in the rate of potential split purchase transactions compared to the potential splits reported for FY 2015, the dollar amount of these potential splits increased approximately 130 percent. Due to the limited scope of a risk assessment, the team did not perform further work to determine if these transactions were actual split purchases.

Excessive Number of Cardholders

VA appoints approving officials to authorize cardholder purchases, ensure that payment charges are reconciled to monthly billing statements and submitted to the designated billing office in a timely manner, and ensure that purchase cards are used properly. In this role, the approving official serves as the initial internal control to prevent or identify fraud, abuse, or misuse of the purchase card. However, the approving officials' effectiveness can be diminished if they are responsible for an excessive number of cardholders. Per VA policy, each approving official's responsibility is limited to no more than 25 purchase card accounts to ensure he or she can adequately review and verify or approve every cardholder's purchases at least once a month. The risk assessment team's data mining of FY 2017 purchase card data identified 217 approving officials who were assigned more than 25 purchase card accounts. The 217 approving officials had 8,046 cardholders in the aggregate (an average of approximately 37 cards per approving official). These 8,046 cardholders conducted 2,600,120 transactions totaling about \$1 billion during FY 2017.

When looking at the population of VA purchase cards as a whole, however, the average number of VA purchase cards used each month in FY 2017 was approximately 215,000. About 74,000 of the purchase cards (35 percent) were used an average of three times or less per month. VA may need to evaluate whether cardholders have a legitimate need for cards and determine the feasibility of reducing the number of cardholders.

Inadequate Recording or Reporting

VA may lack sufficient controls to ensure proper recording and reporting of purchase card transactions. Inadequate recording or reporting of transactions may cause inconsistencies in budget and accounting treatment, errors in transaction classification, and inaccurate financial reporting. In addition, inadequate recording and reporting may conceal purchases of goods or services that are not for official use or not authorized in accordance with federal laws and regulations. Furthermore, inadequate recording and reporting may prevent or hinder the monitoring and auditing of purchase card transactions.

The data mining of FY 2017 purchase card data identified nearly 51,300 transactions totaling approximately \$49.2 million in which VA's financial records did not include a cost center description. This included 2,479 transactions totaling approximately \$1.4 million in which VA's financial records did not include a budget object code.

Improper Year-End Spending

VA data shows a surge of year-end purchase card spending in FY 2017. This could be an indicator of potential wasteful or abusive procurement practices, such as purchasing goods or services that do not meet legitimate government needs or a rush to spend down unused appropriations at the end of the fiscal year.

During the first 10 months of FY 2017, VA averaged about 570,000 purchase card transactions for an average of approximately \$344.3 million in spending per month. This average increased to about 620,000 transactions for approximately \$404.1 million per month during the last two months of the fiscal year, an increase of 8.7 percent and 17.4 percent respectively.

Questionable Convenience Check Purchases

VA may not have adequate controls over convenience checks to prevent questionable purchases. Convenience checks are a payment or procurement tool intended only for use with merchants who do not accept purchase cards or electronic funds transfers. Convenience checks are written against purchase card accounts. VA policy requires convenience checks to be used only as a payment method of last resort and only when no reasonable alternative merchant who accepts the purchase card or electronic funds transfers is available.⁴

The data mining of FY 2017 purchase card data found that VA issued 2,427 potentially questionable convenience checks with a total value of approximately \$1.38 million. These convenience checks represented almost 100 percent of the total 2,429 convenience checks cashed during FY 2017 and included higher-risk purchases from non-financial institutions for foreign currency, money orders, and traveler's checks.

⁴ VA Financial Policies and Procedures, Volume XVI, Chapter 1, *Government Purchase Card Program*.

OIG Reports and Recommendations

Recent OIG reports identified split purchases, unauthorized commitments, improper payments, and insufficient oversight of the VA purchase card program. In one October 2017 report, a review of potential misuse of purchase cards at Veterans Integrated Service Network (VISN) 15 found 18 split purchases valued at approximately \$73,000, which resulted in unauthorized commitments and improper payments.⁵ Purchase cardholders did not have a clear understanding of what constituted a split purchase. Moreover, VISN 15's oversight of these purchase card transactions was ineffective and approving officials did not question what appeared to be the same routine purchases on an expired contract.

During a review of alleged unauthorized commitments for prosthetic purchases at the VA's Network Contracting Office 3, the OIG identified 11 unauthorized commitments, totaling about \$457,000, for prosthetic purchases that exceeded the warrants of the purchasers.⁶ This June 2017 report found that the facility was unable to provide documentation of compliance with VA policy showing that purchase cardholders, in accordance with their warrant authority, had made these payments. In addition, the Network Contracting Office 3 Contract Manager did not provide oversight or implement the required segregation of duties to reduce the risk of error, misuse, or fraud.

In September 2017, the OIG issued a report on its review of an allegation that the Veterans Health Administration (VHA) inappropriately used purchase cards to procure prosthetics, which resulted in waste, fraud, and mismanagement.⁷ The OIG reviewed 78 transactions and found that 16 were made without established contracts. As a result, VHA did not ensure fair and reasonable pricing by properly obtaining competitive quotes or preparing adequate price reasonableness determinations. In addition, VHA medical facility staff improperly procured prosthetics without authority.

OIG Investigations

The OIG's Office of Investigations continues to identify patterns of misuse of purchase cards. During FYs 2014, 2015, 2016, and 2017 (through June 2017), OIG criminal investigators reported that they opened 55 cases regarding the misuse of purchase cards.

OIG investigations found cardholders misused purchase cards to:

- Procure gift cards used to pay for personal items

⁵ Veterans Health Administration Review of Potential Misuse of Purchase Cards at Veterans Integrated Service Network 15, October 26, 2017.

⁶ Veterans Health Administration Review of Alleged Unauthorized Commitments for Prosthetic Purchases at the Network Contracting Office 3, June 12, 2017.

⁷ Veterans Health Administration Audit of Purchase Card Use To Procure Prosthetics, September 29, 2017.

- Order medical supplies using fraudulent invoices for supplies that were never delivered to VA⁸
- Allow other people to use their purchase card for personal items, including from online and local merchants

During the one-year period from July 2016 through June 2017, the OIG Office of Investigations reported closing one purchase card fraud case that resulted in the incarceration of a purchasing agent and one purchase card fraud case that resulted in an employee termination. These examples of fraudulent and abusive purchase card use are indicative of risks within VA's Purchase Charge Card Program:

- **Items Purchased for Personal Use:** An OIG investigation revealed that a purchasing agent at the Asheville, North Carolina, VA medical facility used a government purchase card to buy items for personal use, including a truck. After pleading guilty to theft of government funds, the VA employee was sentenced to 13 months' incarceration and three years of supervised release. The employee was also ordered to pay \$43,816 in restitution.
- **Items Purchased for Personal Use:** An OIG investigation revealed that a purchase card issued to a San Diego, California, VA medical center's medical equipment worker was used while the employee was on unauthorized leave to make approximately \$3,000 worth of unapproved transactions. The unauthorized transactions occurred at various retail establishments. The VA employee was terminated.

Although these Office of Investigations findings suggest high risk, the risk assessment team also considered that, in FY 2017, VA decreased the percent of potential duplicate transactions, percent of potential split transactions, and percent of records with missing budget object codes and cost centers. Therefore, the team maintained the risk level at medium, consistent with the prior assessment.

Inadequate Approving Official Reviews

VA may lack sufficient approving official reviews of purchase card transactions. VA policy states that approving officials serve as the initial internal control to prevent or identify fraud, abuse, or misuse of purchase cards.⁹ The previously discussed data mining results and the results of OIG reviews indicate that reviews by approving officials can be strengthened.

⁸ The fraudulent invoices were paid using a former employee's government-issued purchase card.

⁹ VA Financial Policies and Procedures, *Government Purchase Card Program*.

VA's Charge Card Management Plan

VA's Charge Card Management Plan outlines VA policies and procedures established to mitigate purchase card misuse and abuse. OMB requires each agency to maintain and annually submit Charge Card Management Plans no later than January 31 of each calendar year.¹⁰ VA's FY 2017 Charge Card Management Plan includes:

- Responsibilities of key personnel
- Procedures for issuing a purchase card
- Training requirements for purchase cardholders
- Recordkeeping requirements
- Purchase card risks and controls implemented to mitigate each risk
- Reports available to officials to manage the purchase charge card program
- Disciplinary procedures for cardholders who misuse purchase cards

Proper and consistent implementation of the plan should reduce the risk of illegal, improper, or erroneous use of purchase cards.

VA's Semi-Annual Reports on Purchase Charge Card Violations

The Government Charge Card Abuse Prevention Act of 2012 directs VA to submit to the Director of OMB a semi-annual, joint report on violations. The report is to include:

- A summary description of confirmed violations involving misuse of a purchase card following completion of a review by the agency or by the Inspector General of the agency
- A summary description of all adverse personnel actions, punishments, or other actions taken based on each violation

VA reported three confirmed violations involving misuse of a purchase card in FY 2016 and two violations in FY 2017. The report also listed adverse personnel actions, including three for FY 2016—one documentation of counseling, one reprimand, and one suspension—and two employee suspensions in FY 2017. Finally, VA reported seven violations pending investigation in FY 2016, which increased to nine in FY 2017.

¹⁰ Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012, Required Safeguards and Internal Controls*.

VA's Office of Internal Controls Reviews of Purchase Card Transactions

The Office of Internal Controls (OIC) is responsible for coordinating VA's Internal Controls Program through collaboration with organizations involved in internal control assessment activities. The OIC develops policies for internal controls assessment and reporting activities, tools and templates to improve standardization of internal control activities, and training on internal controls policy. The OIC also performs charge card monitoring by conducting data mining and statistical sampling reviews of VA's purchase card transactions.

Conclusion

VA's Purchase Card Program remains at medium risk of illegal, improper, or erroneous purchases, as originally categorized by the OIG for FY 2015. The data mining of purchase card transactions identified potential misuse of purchase cards and OIG investigations, audits, and reviews continue to identify patterns of purchase card transactions that do not comply with the FAR and VA policies and procedures.

The OIG will use this risk assessment to evaluate the need for future audits of the VA purchase card program. The OIG's Office of Investigations also continues to perform work on individual cases of purchase card abuse.

Assessment 2: The VA Travel Card Program Is at Low Risk for Illegal, Improper, or Erroneous Purchases and Payments

Congress has mandated that federal employees use government travel charge cards for payments of expenses related to official government travel.¹¹ Travel managers should ensure that travelers use their government-issued travel card for purchases of travel-related services or products such as rental cars and hotel rooms. The government reimburses travelers for these expenses, as authorized. The cardholder is responsible for making payments to the bank that issued the card. VA has established policies and procedures regarding VA's Travel Charge Card Program.¹² VA reported that during FY 2017, about 30,000 of VA's approximately 370,000 full-time equivalent employees (8.1 percent) used travel cards to make about 1 million transactions totaling approximately \$134.2 million.

Assessed Risk of Travel Charge Card Program

The risk assessment team determined there is a low risk of illegal, improper, or erroneous purchases within VA's Travel Charge Card Program. The team made this determination because

¹¹ Travel and Transportation Reform Act of 1998, Pub. L. No. 105-264, 112 Stat. 2350 (1998).

¹² VA Financial Policies and Procedures, *Government Travel Charge Card Program*.

data mining showed that both the FY 2017 potential duplicate transactions and potential split purchases represented less than 1 percent of travel card transactions. VA reported about \$134.2 million of travel card transactions in FY 2017, which represented about 3.1 percent of the approximately \$4.4 billion VA spent on charge card transactions.

Travel Card Data Mining

The risk assessment team performed data mining of VA’s FY 2017 travel card transactions to identify transactions or patterns of activity that may represent potential illegal, improper, or erroneous purchases. The data mining, as depicted in Table 3, shows the percentages of potential duplicate transactions and potential split transactions.

Table 3. VA OIG Travel Card Risk Assessment

Measure	FY 2015	FY 2016	FY 2017	FY 2015 to FY 2017 Change
Travel Card Transactions	764,329	864,079	1,003,183	238,854
Amount of Travel Card Transactions	\$92,025,212	\$114,880,689	\$134,201,857	\$42,176,645
Travel Cardholders	25,926	25,951	29,854	3,928
Percent of Potential Duplicate Transactions	4.25%	1.35%	0.0035%	(99.92%)
Percent of Potential Split Transactions	Not Measured	0.2%	0.1%	N/A

Source: OIG analysis of VA charge card data

Potential Duplicate Payments

Out of the approximately one million travel card transactions in FY 2017, data mining identified about 35 potential duplicates. These transactions totaled about \$4,600 in spending and represent a decrease of nearly 100 percent from the approximately \$17.3 million potential duplicates in FY 2015.

The risk assessment team also identified 615 cardholders who used their cards an average of 100 to 999 times per month during FY 2017. However, the team did not consider this as excessive use of travel cards because VA creates accounts for facility employees who use the cards extensively for patient or beneficiary travel programs. In addition, VA policy requires cardholders to reconcile all charges on Travel Card billing statements monthly.

VA's Charge Card Management Plan

VA's FY 2017 Charge Card Management Plan, which outlines VA policies and procedures established to mitigate travel card misuse and abuse, includes:

- Credit worthiness evaluation procedures for travel cardholders
- Requirements for travel cardholders to receive training every three years
- Recordkeeping requirements
- Travel card risks and controls implemented to mitigate each risk
- Reports available to officials to manage the travel charge card program
- Procedures for identifying and resolving travel card delinquencies and ensuring appropriate card usage
- Disciplinary procedures for cardholders who misuse travel cards

Proper and consistent implementation of the plan should reduce the risk of illegal, improper, or erroneous use of travel cards.

Conclusion

VA's Travel Card Program remains at low risk of illegal, improper, or erroneous purchases. The risk assessment team assigned a low risk level primarily because travel card transactions represented about 3.1 percent of the approximately \$4.4 billion spent by VA on charge cards during FY 2017.

Assessment 3: The VA's Fleet Card Program Is at Low Risk of Illegal, Improper, or Erroneous Purchases and Payments

VA issues fleet cards for all VA-owned and VA-leased vehicles, as well as for small engine vehicles such as golf carts and riding lawn mowers, on-site generators, and other ground equipment. Individual cardholders are not identified within the Fleet Card Program. Fleet cards are issued under the name of the vehicle tag (license plate) number or are identified by the equipment that the cards will service. VA fleet cards are used to pay for these vehicles' fuel, maintenance, and repair. VA has established policies and procedures regarding the VA's Fleet Card Program. During FY 2017, VA reported that cardholders used fleet cards to make about 233,000 transactions totaling approximately \$15.7 million.

Assessed Risk of Fleet Card Program

The risk assessment team determined there is a low risk of illegal, improper, or erroneous purchases within VA's Fleet Card Program. The team made this determination because data mining showed that both the FY 2017 potential duplicate transactions and potential split

purchases represented less than 1 percent of fleet card transactions. VA reported about \$15.7 million of fleet card transactions in FY 2017, which represented approximately 0.4 percent of the approximately \$4.4 billion total VA spent on charge card transactions. Although the team assessed a low risk level, data mining of FY 2017 fleet card transactions identified purchases from questionable merchants. In addition, VA’s OIC reviews have found that VA facilities did not consistently maintain supporting documentation for fleet card transactions.

Fleet Card Data Mining

The OIG performed data mining of VA’s reported FY 2017 fleet card transactions to identify patterns of activity that may represent potential illegal, improper, or erroneous purchases. VA may lack sufficient controls to prevent such purchases. The review identified 1,581 fleet card transactions, totaling \$380,244, from vendors with merchant category codes not normally associated with fleet cards, such as glassware, groceries, home furnishings, and medical services. However, the \$380,244 amount represents only about 2 percent of approximately \$15.7 million spent on FY 2017 fleet card transactions. The data mining, as depicted in Table 4, shows the percentages of potential duplicate transactions and potential split transactions.

Table 4. VA OIG Fleet Card Risk Assessment

Measure	FY 2015	FY 2016	FY 2017	FY 2015 to FY 2017 Change
Fleet Card Transactions	238,997	242,047	233,112	(5,885)
Amount of Fleet Card Transactions	\$15,978,811	\$14,896,387	\$15,679,630	(\$299,181)
Number of Fleet Cards	4,460	4,303	4,285	(175)
Percent of Potential Duplicate Transactions	Not Measured	0.2%	0.2%	N/A
Percent of Potential Split Transactions	Not Measured	0.2%	0.0%	N/A

Source: OIG analysis of VA charge card data

VA’s Charge Card Management Plan

VA’s FY 2017 Charge Card Management Plan outlines VA policies and procedures established to help mitigate fleet card fraud and misuse. The plan includes:

- Procedures for issuing fleet cards by vehicle license number
- Requirements for fleet card users to receive training every two years
- Recordkeeping requirements
- Procedures for closing accounts when vehicles are removed from service
- Fleet card risks and controls implemented to mitigate each risk

- Reports available to officials to manage the fleet card program
- Disciplinary procedures for cardholders who misuse fleet cards

Proper and consistent implementation of the plan should reduce the risk of illegal, improper, or erroneous use of fleet cards.

VA's Office of Internal Controls

VA's OIC conducts data mining and statistical sampling reviews of VA's reported fleet card transactions. The OIC issues memos to facilities detailing noncompliance with federal law and VA financial charge card policies, and making recommendations to help improve compliance. Memos issued by the OIC during FY 2017 showed that VA fleet cardholders exceeded their authority by making split purchases.

Conclusion

VA's Fleet Card Program remains at low risk of illegal, improper, or erroneous purchases. The risk assessment team assigned a low risk level primarily because fleet card transactions only represented about 0.4 percent of the approximately \$4.4 billion spent by VA on charge cards during FY 2017.

FY 2017 Risk Assessment of VA's Charge Card Programs

VA's Purchase Card Program remains at medium risk of illegal, improper, or erroneous purchases. The data mining of purchase card transactions identified potential misuse of purchase cards, and OIG investigations, audits, and reviews continue to identify patterns of purchase card transactions that do not comply with the FAR and VA policies and procedures. VA's Travel and Fleet Card Programs have a low risk level of illegal, improper, or erroneous purchases. The risk assessment team assigned a low risk level for these programs primarily because travel and fleet card transactions only represented about 3.1 percent and about 0.4 percent, respectively, of the approximately \$4.4 billion total VA spent on charge card transactions during FY 2017. The OIG continues to plan audits of VA's charge card expenditures. The OIG Office of Investigations also continues to perform work on individual cases of purchase card abuse.



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