




Memorandum

Date: September 29, 2022

Subject: INFORMATION: Risk Assessment Review of DOT's Charge Card Program

From: Dormayne "Dory" Dillard-Christian 
Assistant Inspector General for Financial Audits

To: Chief Financial Officer/Assistant Secretary for Budget and Programs

The Government Charge Card Abuse Prevention Act of 2012¹ (the act) requires executive branch agencies to establish and maintain internal controls to ensure the proper, efficient, and effective use of travel charge cards and safeguards and internal controls for purchase cards. Consistent with the act, the Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*,² details policies and procedures to reduce the risk of waste, fraud, and error in Government charge card programs. The act also requires the Office of Inspector General (OIG) to perform periodic risk assessments of illegal, improper, or erroneous purchases in charge card programs of executive agencies spending more than \$10 million annually.

To comply with the act, we initiated a risk assessment of the Department of Transportation's (DOT) charge card program, to include purchase and travel cards, for the period of January 1, 2020, to December 31, 2020, and January 1, 2021, to December 31, 2021. Our objective was to identify and assess the risk of illegal, improper, or erroneous charge card purchases and payments to assist OIG in determining the necessary scope, frequency, and number of periodic audits of charge card programs.

This memorandum provides the results of our risk assessment review. We determined the risk to be medium for illegal, improper, or erroneous purchases for calendar years 2020 and 2021 in DOT's charge card program. The overall risk assessments should not be interpreted to mean that the program is free from

¹ Public Law No. 112-194 (2012), see 41 U.S.C. § 1909, note.

² OMB. OMB Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, August 27, 2019.

illegal, improper, or erroneous purchases and payments, or that the risk will remain unchanged.

We considered the following factors in our risk assessment of the DOT's charge card program based on criteria from requirements in Appendix B of OMB Circular A-123 and the act:

- prior program audit recommendation implementation status,
- number of investigations/allegations of misconduct or mismanagement involving each program,
- strength of program internal controls, and
- results of data analytics performed over charge card transactions.

Our prior audit work disclosed areas that constitute risk to the Department's charge card program. In fiscal year 2020, we issued one report on DOT's purchase card program,³ and in fiscal year 2021, we issued one report on DOT's travel card program.⁴ Both reports include open recommendations addressed to Office of the Secretary (OST) or Federal Aviation Administration (FAA) officials. Specifically, 2 of 13 purchase card recommendations and all 11 travel card recommendations remained open for the period of review.

We found no substantiated investigations or allegations involving misconduct or mismanagement of DOT's charge card program. However, we did find areas where DOT needs to strengthen internal controls over its charge card programs. For example, DOT charge card management plans did not contain all of the required elements stated in Appendix B of OMB Circular A-123, chapter 3, section 3.3. DOT's management plan for purchase cards did not include policies for closure or transfer of charge cards when employees terminate employment. In addition, the management plan for travel cards did not acknowledge the Agency policies and practices developed to ensure appropriate consideration by cardholders of category management, Acquisition Gateway, and strategic sourcing arrangements consistent with OMB Circular A-123, Appendix B, Chapter 8.

For our data analysis, we relied on computer-generated transaction data from U.S. Bank⁵ and DOT program officials. We analyzed data from calendar years 2020 and 2021 to identify transactions or patterns of activity that suggest potential illegal, improper, or erroneous purchases in the charge card program.

³ *DOT Needs to Enhance Oversight of Its Purchase Card Program to Mitigate Internal Control Weaknesses* (OIG Report No. FI2020022), March 11, 2020.

⁴ *DOT Needs to Strengthen Travel Card Program Internal Controls To Minimize Misuse* (OIG Report No. FS2021011), December 16, 2020.

⁵ U.S. Bank is the service provider that issues the purchase and travel cards for DOT.

Purchase Card Assessment

We assessed the following attributes of purchase cards:

- excessive number of purchase card accounts per approving official,
- purchases exceeding cardholder's single purchase limit,
- purchases made after employees' separation/termination date,
- purchases from vendors that use blocked/restricted merchant category codes,
- purchases that included sales tax,
- duplicate payments by cardholder,
- purchases made by cardholder on holiday /weekend, and
- untimely completion of purchase cardholder training.

Assessment Results. We identified an excessive number of purchase card accounts per approving official, purchases made on holidays or weekends, and untimely completion of purchase card training as potential high-risk levels and areas in DOT's purchase card program.

Travel Card Assessment

We assessed the following attributes of travel cards:

- purchases made after employees' separation/termination date,
- purchases from vendors that use blocked/restricted merchant category codes, and
- cardholders with delinquent accounts.

Assessment Results. We identified delinquent travel cardholder accounts as well as instances of travel card purchases made after employees separated from the Agency.

We appreciate the courtesies and cooperation of DOT officials during our risk assessment. If you have any questions, please contact me or Ingrid Harris, Program Director for the Office of Financial Audits.

cc: DOT Audit Liaison, M-1
FAA Audit Liaison AAE-100