



## Treasury Inspector General for Tax Administration Office of Audit

### REVIEW OF THE INTERNAL REVENUE SERVICE'S PURCHASE CARD VIOLATIONS REPORT AND THE STATUS OF GOVERNMENT CHARGE CARD RECOMMENDATIONS

Issued on January 23, 2015

## Highlights

Highlights of Report Number: 2015-10-021 to the Internal Revenue Service Deputy Commissioner for Operations Support.

### IMPACT ON TAXPAYERS

Federal audits of agency charge card programs have found varying degrees of fraud, waste, and abuse. On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), which reinforced Administration and congressional efforts to prevent fraud, waste, and abuse of Governmentwide charge card programs.

### WHY TIGTA DID THE AUDIT

This audit was initiated because the Charge Card Act requires each agency with more than \$10 million in purchase card spending in the prior fiscal year to submit semiannual reports of employee purchase card violations and the disposition of those violations, including any disciplinary actions taken. Inspectors General must also report to the Director of the Office of Management and Budget 120 days after the end of each fiscal year on agency progress in implementing purchase and travel card audit recommendations. The overall objective of this review was to assess the IRS's implementation of and compliance with the law's requirements for the period April 1 to September 30, 2014.

### WHAT TIGTA FOUND

TIGTA found that the IRS identified and reported 11 instances of confirmed purchase card misuse and three potential instances of purchase card misuse pending final agency action. The IRS prepared the Purchase Card Violations Report pursuant to the requirements outlined in the law and in the Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*. The 11 confirmed purchase card misuse cases were all related to restricted or prohibited item purchases collectively totaling just more than \$600. In most instances, an oral counseling or cautionary letter was

provided to the employee by the IRS in response to the charge card violation. In a small number of instances, the cases were closed without disciplinary action by IRS managers. TIGTA's independent review identified one additional case of potential purchase card misuse pending TIGTA investigation.

TIGTA also reviewed the IRS's current credit card guidance and determined that IRS policies and controls have been established that are designed to mitigate the risk of fraud and inappropriate Government travel and purchase charge card practices, including controls that address centrally billed travel card accounts. Finally, TIGTA reviewed a draft version of the Department of the Treasury Charge Card Management Plan and determined that it had been updated to require compliance with the Charge Card Act.

In Fiscal Year 2014, the IRS implemented five recommendations from two prior TIGTA reports of the IRS's charge card programs. One recommendation remains open. Implementation of these recommendations will further enhance the IRS's internal controls for its charge card programs.

### WHAT TIGTA RECOMMENDED

TIGTA made no recommendations as a result of the work performed during this review. However, key IRS officials reviewed this report prior to its issuance and agreed with the facts and conclusions presented.

### READ THE FULL REPORT

To view the report, including the scope and methodology, go to:

<http://www.treas.gov/tigta/auditreports/2015reports/201510021fr.pdf>.

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