



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 24, 2014

Highlights

Highlights of Report Number: 2014-10-014 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, which reinforced Administration and congressional efforts to prevent fraud, waste, and abuse of Governmentwide charge card programs.

WHY TIGTA DID THE AUDIT

This review was initiated because the Government Charge Card Abuse Prevention Act of 2012 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 disciplinary actions taken. Inspectors General must 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, 2013.

WHAT TIGTA FOUND

TIGTA found that the IRS properly reported four instances of identified purchase card misuse. The IRS prepared the Purchase Card Violations Report pursuant to the requirements outlined in the law and in Office of Management and Budget Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, dated September 6, 2013.

TIGTA's independent review identified one confirmed violation of purchase card fraud during the reporting period that resulted in the responsible cardholder's resignation from employment with the IRS. In addition,

TIGTA identified two potential purchase card violations pending final agency action and one potential purchase card violation pending investigation. This corresponds with what the IRS conveyed in its Purchase Card Violations Report.

TIGTA also reviewed the IRS's Fiscal Year 2013 annual assurance statement and determined that it had been updated by the IRS to state that appropriate policies and controls were in place to mitigate the risk of fraud and inappropriate Government travel and purchase charge card practices.

However, six TIGTA recommendations remain open and are scheduled to be implemented by the IRS in Fiscal Year 2014. Once implemented, these recommendations will further enhance the IRS's internal controls for its charge card programs. Finally, an additional 14 prior TIGTA recommendations related to purchase or travel cards were implemented and closed during Fiscal Year 2013.

WHAT TIGTA RECOMMENDED

TIGTA made no recommendations in this report.

READ THE FULL REPORT

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

<http://www.treas.gov/tigta/auditreports/2014reports/201410014fr.pdf>.

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