



*Review of the Internal Revenue Service's
Purchase Card Violations Report*

July 15, 2016

Reference Number: 2016-10-055

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Phone Number / 202-622-6500

E-mail Address / TIGTACommunications@tigta.treas.gov

Website / <http://www.treasury.gov/tigta>



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HIGHLIGHTS

REVIEW OF THE INTERNAL REVENUE SERVICE'S PURCHASE CARD VIOLATIONS REPORT

Highlights

Final Report issued on July 15, 2016

Highlights of Reference Number: 2016-10-055 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. The overall objective of this review was to assess the IRS's implementation of and compliance with the law's requirements for the period October 1, 2015, to March 31, 2016.

WHAT TIGTA FOUND

The IRS properly identified and reported 30 instances of confirmed purchase card misuse and four instances of purchase card misuse pending final agency action. TIGTA's independent review did not identify additional instances of confirmed or pending purchase card misuse. The 30 confirmed purchase card misuse cases reported by the IRS collectively totaled almost \$4,000.

TIGTA also reviewed the IRS's current credit card guidance and determined that 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 the final version of the Fiscal Year 2016 Department of the Treasury Charge Card Management Plan and determined that it had been updated to comply with the requirements in the Charge Card Act.

WHAT TIGTA RECOMMENDED

The Chief, Agency-Wide Shared Services, should issue a separate notification to all purchase cardholders and their managers, reminding them of their responsibilities and listing specific prohibited items, such as hand sanitizers.

In its response, the IRS agreed with TIGTA's recommendation, noting that it plans to issue a separate notification to purchase cardholders, and their purchase card approving officials and managers, outlining their responsibilities and including specific prohibited items, such as hand sanitizers.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 15, 2016

MEMORANDUM FOR DEPUTY COMMISSIONER FOR OPERATIONS SUPPORT

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Review of the Internal Revenue Service’s
Purchase Card Violations Report (Audit # 201610003)

This report presents the results of our review to assess the Internal Revenue Service’s (IRS) implementation of and compliance with the Government Charge Card Abuse Prevention Act of 2012 for the period October 1, 2015, to March 31, 2016.¹ This review is included in our Fiscal Year 2016 Annual Audit Plan and addresses the major management challenge of Fraudulent Claims and Improper Payments.

Management’s complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).

¹ Pub. L. No. 112-194 (Oct 2012). On September 6, 2013, the Office of Management and Budget (OMB) issued Memorandum M-13-21 with implementation guidance for the Act. On November 18, 2013, the General Services Administration issued Smart Bulletin No. 021, *OMB Memorandum M-13-21 and Charge Card Compliance Summary*, which included a summary compliance checklist for agency use and sample reporting templates.



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Abbreviations

ALERTS	Automated Labor and Employee Relations Tracking System
CCS	Charge Card Services
IRS	Internal Revenue Service
OMB	Office of Management and Budget
TIGTA	Treasury Inspector General for Tax Administration



Review of the Internal Revenue Service's Purchase Card Violations Report

Background

Government purchase cards are an affordable and efficient means for making electronic payments. According to the Internal Revenue Service (IRS), between October 1, 2015, and March 31, 2016, the IRS purchase card program included 3,003 purchase cardholders. IRS records show that these cardholders made 24,085 purchases totaling slightly more than \$8 million with their purchase cards. Additionally, cardholders with the authority to write convenience checks (an alternative method of payment used with vendors who do not accept purchase cards for payment of goods and services) wrote 89 checks totaling a little more than \$52,000.

The Federal Acquisition Regulation designated the purchase card as the preferred method for making purchases up to the micro-purchase limit.¹ According to the Government Accountability Office, although the use of purchase cards has been credited with reducing administrative costs and simplifying the acquisition process, audits of agency purchase card programs have found varying degrees of fraud, waste, and abuse. In a June 2013 audit of purchase cards, the Treasury Inspector General for Tax Administration (TIGTA) found that, while some controls worked as intended, the IRS purchase card program lacked consistent oversight to identify and address inappropriate use.² In July 2015, we found that the IRS had established policies and controls to mitigate the risk of fraud and inappropriate Government travel and purchase card practices and that the instances of purchase card misuse identified by the IRS were minimal and all for nominal amounts.³

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), which requires Executive Branch agencies to establish and maintain safeguards and internal controls for Government charge card programs.⁴ Additionally, agencies with more than \$10 million in purchase card spending annually must submit semiannual reports of employee purchase card violations, the disposition of those violations, and any disciplinary actions taken.

Because Government charge card program oversight involves multiple agency functions, successful implementation of the Charge Card Act requires collaboration between agencies and their Federal Offices of Inspector General. The Charge Card Act established additional reporting

¹ Federal Acquisition Regulation, 48 C.F.R. §13.201(b) (Revised as of October 7, 2015), limited a single micro-purchase to no more than \$3,500 for goods, \$2,500 for services, and \$2,000 for construction.

² TIGTA, Ref. No. 2013-10-056, *The Purchase Card Program Lacks Consistent Oversight to Identify and Address Inappropriate Use* (June 2013).

³ TIGTA, Ref. No. 2015-10-070, *Review of the Internal Revenue Service's Purchase Card Violations Report* (July 2015).

⁴ Pub. L. No. 112-194 (Oct. 2012).



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and audit requirements for certain Federal Offices of Inspector General, including the TIGTA. The Office of Management and Budget (OMB) and the General Services Administration have issued guidance and templates for reporting violations.⁵

Additional requirements of the Charge Card Act include augmentation of existing internal controls. At a minimum, all agency charge card management plans are required to be reviewed and updated to reflect the following internal control activities related to centrally billed travel card accounts:⁶

- ***To prevent an individual from being reimbursed for a bill already paid by the Government*** by ensuring that agency officials who approve or settle official travel verify that charges paid directly by the Government to the bank are not also reimbursed to an employee's individually billed account.
- ***To prevent the Government from spending money on unallowable or erroneous charges*** by ensuring that the agency shall dispute these charges and track the status of disputed transactions to ensure appropriate resolution.
- ***To prevent the Government from spending money on unused tickets*** by verifying that the agency (travel management center or service or commercial travel office) submits requests to servicing common carriers for refunds of fully or partially unused tickets and tracks the status of those tickets to ensure resolution.

To ensure compliance with the Charge Card Act, each agency head is required to provide an annual certification that the appropriate policies and controls are in place or that corrective action has been taken to mitigate the risk of fraud or inappropriate travel and purchase charge card practices. The annual certification is included as part of the existing annual assurance statement under the Federal Managers' Financial Integrity Act of 1982.⁷ In addition, each agency must continue to maintain and annually submit a charge card management plan no later than January 31, as required by OMB Circular A-123, Appendix B,⁸ which provides guidance that establishes minimum requirements for Government purchase card programs and suggested best practices. The annual assurance statement will be reviewed as part of our semiannual audit conducted for the time period April 1 to September 30, 2016.

⁵ On September 6, 2013, the OMB issued Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, and on November 18, 2013, the General Services Administration issued Smart Bulletin No. 021, *OMB Memorandum M-13-21 and Charge Card Compliance Summary*, which included a summary compliance checklist for agency use and a sample reporting template.

⁶ Centrally billed travel card accounts are corporate accounts issued to an agency business unit that may be used only to pay for common carrier transportation when an employee is authorized to perform official travel but did not receive an individually billed account card (e.g., new employees who have not been issued a travel card or infrequent travelers). Centrally billed accounts are paid directly by the Government to the card-issuing entity.

⁷ 31 U.S.C. § 3512.

⁸ OMB, OMB Circular No. A-123, Appendix B (Revised), *Improving the Management of Government Charge Card Programs* (Jan. 2009).



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Further, because agencies should be aware of charge card audit findings and ensure that they are promptly resolved, Federal Offices of Inspector General must report to the Director of OMB 120 days after the end of each fiscal year⁹ on agency progress in implementing prior purchase and travel card audit recommendations.

Within the IRS purchase card program, the Office of Procurement is responsible for providing policy guidance, and the Credit Card Services (CCS) Branch is responsible for managing and providing oversight.¹⁰ In addition, the CCS Branch is responsible for tracking and reporting to the Labor and Employee Relations function (hereafter referred to as Labor Relations) instances of alleged inappropriate purchase card use as part of the process for determining and implementing the appropriate disciplinary action.¹¹ The Chief Financial Officer and the CCS Branch share joint responsibility for the centrally billed travel card program. The Chief Financial Officer is responsible for program policy, while the CCS Branch is responsible for program administration and procedures.

The CCS Branch inputs employee misconduct allegations, including those involving purchase cards, into the Automated Labor and Employee Relations Tracking System (ALERTS). The ALERTS records employee misconduct allegations, cases, and management's responses except for cases involving the Office of the Chief Counsel for the IRS (hereafter referred to as Chief Counsel). The CCS Branch identifies instances of purchase card misuse and refers any involving Chief Counsel employees to Chief Counsel, which maintains a separate system to track its employee misconduct issues and final dispositions. The details of these cases are not available in the ALERTS. However, Chief Counsel provides the CCS Branch with the final dispositions of any cases related to purchase card misuse that are reported in the semiannual IRS's Purchase Card Violations Report.

Additionally, TIGTA's Office of Investigations maintains the Performance and Results Information System, which provides TIGTA with the ability to manage and account for the thousands of complaints received, investigations initiated, and leads developed from law enforcement initiatives. We reviewed charge card misuse cases from each of these systems to ensure that the IRS's Purchase Card Violations Report appropriately identified and reported all instances of misuse.

We held discussions with and analyzed information obtained from Agency-Wide Shared Services and CCS Branch officials located in Jacksonville, Florida, and Cincinnati, Ohio, and with Human Capital Office Labor Relations officials, the Office of the Deputy Chief Financial

⁹ Any yearly accounting period, regardless of its relationship to a calendar year. The Federal Government's fiscal year begins on October 1 and ends on September 30.

¹⁰ The CCS Branch is a part of the Employee Support Services function within the Agency-Wide Shared Services function.

¹¹ The Labor and Employee Relations function is a function in the Human Capital Office within the Workforce Relations Division. This function is responsible for advising and supporting managers on employee conduct and performance matters.



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Officer, and the Office of the Deputy Chief Counsel (Operations), all located in Washington, D.C., during the period February through June 2016. It is important to note that the IRS and TIGTA reviews relate to the proper identification and reporting of known cases of purchase card abuse. Uncovering fraud and abuse not identified by IRS systems and management controls were beyond the scope of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

*Implementation of and Compliance With the Government Charge Card
Abuse Prevention Act of 2012 Requirements*

***Semiannual report on IRS purchase card violations and the actions taken by
management in response***

TIGTA found that the IRS identified and reported 30 instances of confirmed purchase card misuse and four instances of potential purchase card misuse pending agency action. TIGTA's independent review did not identify additional instances of purchase card misuse or fraud that were either confirmed or pending final agency action and/or investigation. The 30 confirmed purchase card misuse cases collectively totaled almost \$4,000; 29 of the 30 cases were associated with the purchase of prohibited items such as hand sanitizer, over-the-counter medication, and tissues for office use. In accordance with IRS policy, bottles of hand sanitizer for the personal use of individual employees are considered personal items and may not be purchased absent a specific health threat such as a pandemic or other disease outbreak at a post-of-duty. The following are exceptions to this restriction: 1) disinfecting surface wipes for workstation (desktops, phones, *etc.*) surface disinfection and 2) refills for communal wall or stand hand sanitizers or wipe dispensers in support of the nursing mothers program. The purchases noted in the IRS Purchase Card Violation report did not qualify under these exceptions. The IRS identified another incident in which an employee's Government-issued purchase card was used for a personal use transaction. The vendor had both the employee's Government-issued purchase card and personal credit on file and charged the transaction to the Government-issued purchase card. Upon notification, the employee reimbursed the Government for the approximately \$15 charge. In five of the 30 instances of purchase card misuse, the purchased items were returned or the transaction amount was credited back to the related IRS charge card account, totaling a little more than \$1,600 in credits.

With respect to disciplinary action, employees in 13 cases received documentation of counseling. Of those 13 cases, one case involved an admonishment, employees in three cases received written counseling, seven cases were closed without action (but with the employee receiving some form of letter), and employees in two cases received oral counseling. The remaining 17 cases were closed without any disciplinary action. For instances in which the case was closed without any disciplinary action, the cardholder does receive notification of the purchase card violation. Based on IRS policy, a second offense by subject cardholders could lead IRS management to take formal disciplinary actions.

TIGTA reviewed the violations that the IRS identified for its Purchase Card Violations Report, the methodology the IRS used to identify those violations, and related supporting documentation. TIGTA's Office of Audit also reviewed information provided by TIGTA's Office of



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Investigations on purchase card abuse cases and complaints occurring during the review period. In addition, we followed up on the status of four cases previously reported as pending final agency action and/or under review by the TIGTA Office of Investigations in our prior review. Three of these four cases have subsequently been confirmed as administrative cases and not reportable in the IRS's Purchase Card Violations Report. The remaining case was pending TIGTA Office of Investigations review and was closed March 28, 2016. Finally, two cases identified as pending IRS final agency action in our previous report are now included in the reported 30 confirmed instances of purchase card misuse. See Appendix IV for a copy of the IRS's Purchase Card Violations Report.

Previous reports on IRS purchase card violations have consistently identified the purchase of hand sanitizers among the prohibited items obtained by IRS employees. As a result, we believe IRS purchase card users and their managers may benefit from a more focused and explicit warning notification against the purchase of these prohibited items from the Chief, Agency-Wide Shared Services.

Review of the Department of the Treasury Charge Card Management Plan and IRS charge card guidance

TIGTA reviewed the Department of the Treasury Charge Card Management Plan and determined that it includes the additional internal controls required by the Charge Card Act and OMB M-13-21.¹² Those controls require that agencies verify that payments made directly to the bank from the Government are not also paid to an individually billed account, agencies submit requests to common carriers for partial or full refunds on unused tickets, and agencies develop penalties and disciplinary actions for charge card violations. We will review the IRS Fiscal Year 2016 annual assurance statement under the Federal Managers' Financial Integrity Act of 1982 (due annually on October 1) in our next semiannual report due in January 2017.

We also reviewed IRS current charge card guidance and determined that policies and controls were in place to mitigate the risk of fraud and inappropriate Government travel and purchase charge card practices, including internal controls that address centrally billed travel card accounts. For example, the IRS conducts monthly and quarterly reviews of purchase card activity, which are used to identify instances of inappropriate purchase card use (identified uses are then reported in the ALERTS).

¹² The Department of the Treasury provided TIGTA with a copy of its Fiscal Year 2016 Charge Card Management Plan.



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Recommendation

Recommendation 1: The Chief, Agency-Wide Shared Services, should issue a separate notification to all purchase cardholders and their managers reminding them of their cardholder and approving official responsibilities and listing specific prohibited items, such as individual bottles of hand sanitizer, which continue to be purchased for personal use.

Management's Response: The IRS agreed with TIGTA's recommendation, noting that it plans to issue a separate notification to purchase cardholders, and their purchase card approving officials and managers, outlining their responsibilities and including specific prohibited items, such as hand sanitizers.



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Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the IRS's implementation of and compliance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act)¹ requirements for the periods of October 1, 2015, to March 31, 2016.² To accomplish this objective we:

- I. Determined how the IRS implemented legislative requirements of the Charge Card Act for the period October 1, 2015, to March 31, 2016.
 - A. Reviewed Public Law 112-194, related implementing guidance OMB Memorandum M-13-21, OMB Circular A-123 (Appendix B), OMB Circular A-50,³ and any current Treasury and IRS policies and procedures related to Government charge cards and, specifically, purchase cards.
 - B. Reviewed the IRS Internal Revenue Manual and other internal guidance to determine if it has been updated.
 - C. Interviewed key IRS personnel from the CCS Branch, the Office of the Chief Financial Officer, the Deputy Chief Counsel of Operations, and Human Capital's Labor Relations office to determine:
 1. The approach used to prepare the semiannual IRS's Purchase Card Violations Report for the period October 1, 2015, to March 31, 2016, and if that approach is reasonable.
 2. How the IRS established when purchase cards have been misused by IRS employees.
 3. What adverse personnel actions the IRS took in response to purchase card misuse.

¹ Pub. L. No. 112-194 (Oct 2012).

² It is important to note that the IRS and TIGTA reviews relate to the proper identification and reporting of known cases of purchase card abuse. Uncovering fraud and abuse not identified by IRS system and management controls were beyond the scope of this audit.

³ OMB; OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012* (Sept. 2013); OMB Circular No. A-123, Appendix B (Revised), *Improving the Management of Government Charge Card Programs* (Jan. 2009); OMB Circular A-50, *Audit Follow-Up* (Sept. 1982).



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- II. Reviewed purchase card (and convenience check) violations by IRS employees and identified the actions the IRS took as a result of those violations.⁴
 - A. Determined the total number of confirmed violations involving misuses of a purchase card for the specified period. We determined whether the violations constituted: 1) abuse;⁵ 2) fraud;⁶ or 3) other loss, waste, or misuse.⁷
 - B. Determined the number of adverse personnel actions, punishments, or other actions taken in response to each reportable violation involving misuse of a purchase card for the specified period. We also determined whether the actions involved: 1) demotions, 2) reprimands, 3) suspensions, 4) removals, or 5) any other adverse or administrative personnel actions.⁸
 - C. Determined the total number and status of all pending violations for the specified periods. We also determined if these pending violations were: 1) pending investigation, 2) pending a hearing, 3) pending final agency action, or 4) pending decision on appeal.⁹
- III. Determined whether the draft Department of the Treasury Fiscal Year 2016 Charge Card Management Plan had been finalized and reviewed whether it had been updated to include the new controls over travel cards required by the Charge Card Act. Specifically, reviewed whether the Charge Card Management Plan had controls:
 - A. To verify that charges paid directly by the Government to the bank are not also reimbursed to an employee or an employee's individually billed account.
 - B. To verify that the IRS (travel management center or service or commercial travel office) submits requests to servicing common carriers for refunds of fully or partially unused tickets and tracks the status of these tickets to ensure resolution.

⁴ The review period was from October 1, 2015, through March 31, 2016.

⁵ Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements.

⁶ Fraud involves obtaining something of value through willful misrepresentation. Whether an act is, in fact, fraud is a determination to be made through the judicial or other adjudicative system and is beyond auditors' professional responsibility.

⁷ These three categories were identified in the General Services Administration's clarifying guidance of OMB Memorandum M-13-21.

⁸ These five categories were identified in the General Services Administration's clarifying guidance of OMB Memorandum M-13-21.

⁹ These four categories were identified in the General Services Administration's clarifying guidance of OMB Memorandum M-13-21.



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- C. To implement penalties for charge card violations that are jointly developed by agency charge card management and human resources components.
- D. To define and apply appropriate and consistent employee disciplinary procedures and comply with joint external reporting required.
- E. To comply with joint external reporting required of TIGTA and IRS management.

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined the following internal controls were relevant to our audit objective: IRS internal policies and procedures and other guidance pertaining to travel cards, purchase cards, and convenience checks and CCS Branch inappropriate use forms, logs, and supporting documentation.

To assess these controls, we reviewed the IRS's methodology for reporting confirmed and pending violations in its Purchase Card Violations Report and analyzed inappropriate use forms, logs, and supporting documentation as well as cases of confirmed and pending purchase card violations contained within the ALERTS and the Performance and Results Information System databases. We also reviewed IRS policies and procedures related to the Charge Card Act, including controls over centrally billed travel card accounts.



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Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)

Alicia P. Mrozowski, Director

Seth A. Siegel, Audit Manager

George S. Hartman, Lead Auditor

Lauren W. Bourg, Senior Auditor



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Appendix III

Report Distribution List

Commissioner
Office of the Commissioner – Attn: Chief of Staff
Deputy Commissioner for Services and Enforcement
Chief Counsel
Chief, Agency-Wide Shared Services
Chief Financial Officer
IRS Human Capital Officer
Director, Employee Support Services, Agency-Wide Shared Services
Director, Workforce Relations Division, IRS Human Capital Officer
Director, Office of Audit Coordination



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Appendix IV

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PURCHASE CARD VIOLATION DATA	
I. Summary description of confirmed violations involving misuse of a purchase card or integrated card.¹	Oct 1, 2015, to March 31, 2016
a. Abuse.	0
b. Fraud.	0
c. Other loss, waste, or misuse: ² <i>Cardholders purchased restricted or prohibited items.</i>	30
II. Summary description of all adverse personnel actions, punishment, or other actions taken in response to each reportable violation involving misuse of a purchase or integrated card.³	Oct 1, 2015, to March 31, 2016
a. Documentation of Counseling: <i>Oral or written counseling issued.</i>	13
b. Demotion.	0
c. Reprimand.	0
d. Suspension.	0
e. Removal.	0
f. Other (no action taken): <i>Closed without IRS management disciplinary action.</i>	17
III. Status of all pending violations.	Oct 1, 2015, to March 31, 2016
a. Number of violations pending investigation.	4
b. Number of violations pending hearing.	0
c. Number of violations pending final agency action.	0
d. Number of violations pending decision on appeal.	0

¹ Terms used are defined in the *Government Auditing Standards* (Government Accountability Office, GAO-12-331G, *Government Auditing Standards* (Dec 2011)).

² This total includes Office of Chief Counsel cases.

³ This summary is for adverse personnel actions, not for administrative errors.



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Appendix V

Management's Response to the Draft Report



CHIEF
AGENCY-WIDE
SHARED SERVICES

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

July 14, 2016

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Kevin Q. McIver 
Chief, Agency-Wide Shared Services

SUBJECT: Draft Audit Report - Review of the Internal Revenue Service's
Purchase Card Violations Report - TIGTA Audit # 201610003

Thank you for the opportunity to respond to the subject draft audit report. We are committed to ensuring proper oversight of IRS's Charge Card Program to mitigate risk of fraud or inappropriate use.

We agree with the recommendation and will develop and implement the corrective action detailed in our attached response. We appreciate the continued support and assistance provided by your office.

If you have any questions, please contact me at (202) 317-7500, or a member of your staff may contact Patti Brison, Associate Director, Credit Card Services, at (615) 250-5608. For matters concerning audit procedural follow-up, please contact Shirley Yearwood, Resource and Operations Management, Agency-Wide Shared Services, at (470) 719-6517.

Attachment



*Review of the Internal Revenue Service's
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Attachment

RECOMMENDATION 1:

The Chief, Agency-Wide Shared Services, should issue a separate notification to all purchase cardholders and their managers, reminding them of their cardholder and approving official responsibilities and listing specific prohibited items, such as individual bottles of hand sanitizer, which continue to be purchased for personal use.

CORRECTIVE ACTION:

We agree with this recommendation. The Chief, Agency-Wide Shared Services (AWSS), will issue a separate notification to purchase cardholders, their Purchase Card Approving Officials, and managers outlining purchase card responsibilities including specific prohibited items, such as hand sanitizers.

IMPLEMENTATION DATE:

September 30, 2016

RESPONSIBLE OFFICIAL:

Chief, AWSS

CORRECTIVE ACTION MONITORING PLAN:

AWSS will enter accepted corrective actions into the Joint Audit Management Enterprise System (JAMES). These corrective actions are monitored on a monthly basis until completion.