



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

U.S. Chemical Safety Board

CSB Purchase Card Program at Low Risk for Unauthorized Purchases During Fiscal Year 2018

Report No. 19-P-0245

July 26, 2019

LOW RISK



Fiscal Year 2018
448 transactions:
\$322,841
4 convenience checks:
\$4,019

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Abbreviations

CSB U.S. Chemical Safety and Hazard Investigation Board
FY Fiscal Year
OIG Office of Inspector General
OMB Office of Management and Budget
U.S.C. United States Code

Cover Image: OIG-created image showing total transactions for both purchase cards and convenience checks and OIG determination of risk.

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At a Glance

Why We Did This Project

The Office of Inspector General (OIG) performed this risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year (FY) 2018, as required by the Government Charge Card Abuse Prevention Act of 2012. The act requires the Inspector General of each agency to conduct periodic assessments of the agency's purchase card or convenience check program to analyze the risks of illegal, improper or erroneous purchases.

In FY 2018, we conducted a risk assessment of the CSB's purchase card program (OIG Report No. [18-P-0218](#), issued July 3, 2018). The risk assessment, covering FY 2017, found that the program continues to be at low risk for unauthorized purchases. The CSB complied with applicable plans and guidance. Based on last year's results, we conducted this FY 2018 risk assessment.

This report addresses the following CSB goal:

- *Create and maintain an engaged, high-performing workforce.*

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CSB Purchase Card Program at Low Risk for Unauthorized Purchases During Fiscal Year 2018

What We Found

The CSB purchase card program is at low risk for unauthorized purchases. The CSB should continue to follow the requirements set forth in its Charge Card Management Plan and in Office of Management and Budget guidance governing agency purchase cards.

The CSB's purchase card program, through which the agency spent \$326,859 in FY 2018, is at low risk for unauthorized purchases.

We reviewed a sample of 26 purchase card transactions and one convenience check transaction and found that all were legitimate and adequately supported.

During our work, we noted that in May 2018 the CSB increased its micro-purchase threshold, as allowed by statute, to \$10,000. While we did not identify an audit finding related to the CSB's use of the increased limit, we advised the CSB to update Board Order 24 to reflect that policy change. Also during May 2018, there was discussion internally within the CSB about revising Board Order 24 to reflect the increased threshold. As of July 2019, the CSB still had not revised that Board Order. The CSB indicated it plans to update the Board Order by September 1, 2019.

Based on the results of our risk assessment, we make no recommendations in this report.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

July 26, 2019

Kristen Kulinowski, Ph.D.
Interim Executive Authority and Member
U.S. Chemical Safety and Hazard Investigation Board
1750 Pennsylvania Avenue NW, Suite 910
Washington, D.C. 20006

Dear Dr. Kulinowski:

This is our report on our risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year 2018. This report represents the opinion of the Office of Inspector General (OIG) and does not necessarily represent the final CSB position.

You are not required to respond to this report because this report contains no recommendations. However, if you submit a response, it will be posted on the OIG's website, along with our letter commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

Sincerely,

A handwritten signature in blue ink that reads "Charles J. Sheehan".

Charles J. Sheehan
Deputy Inspector General

Table of Contents

Purpose.....	1
Background	1
Scope and Methodology	1
Prior Report	2
Results	3
Conclusion	3
CSB Response	3

Appendix

A Distribution	4
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Purpose

Our objective was to perform an annual risk assessment of the U.S. Chemical Safety and Hazard Investigation Board's (CSB's) purchase card use during fiscal year (FY) 2018. The Government Charge Card Abuse Prevention Act of 2012, at 41 U.S.C. § 1909(d), requires the Inspector General of each agency to conduct periodic assessments, which OMB defined as at least annually, of the agency's purchase card or convenience check program to analyze the risks of illegal, improper or erroneous purchases.

Background

The CSB is an independent federal agency charged with investigating industrial chemical incidents and hazards. Headquartered in Washington, D.C., the agency's board members are appointed by the President and confirmed by the U.S. Senate. The CSB was established by the Clean Air Act Amendments of 1990 and became operational in 1998.

The Government Charge Card Abuse Prevention Act of 2012 was designed to prevent waste, fraud and abuse of governmentwide charge card programs. The act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards and centrally billed accounts. The act also requires the Office of Inspector General (OIG) to identify and analyze risks of illegal, improper, or erroneous purchases and payments and to develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of purchase card or convenience check transactions.

The National Defense Authorization Act for FY 2018, enacted on December 12, 2017, increased the micro-purchase threshold to \$10,000. On January 24, 2018, the General Services Administration issued its *Memorandum for GSA Contracting Activities – Class Deviation 2018-01*, which approved a class deviation from the Federal Acquisition Regulation to immediately implement statutory increases to the micro-purchase threshold. Since October 2015, the micro-purchase threshold had been \$3,500.¹ In May 2018, the U.S. Department of the Treasury's Bureau of the Fiscal Service approved the CSB's request to increase its micro-purchase threshold to \$10,000.

Scope and Methodology

We conducted this audit from May 2019 to July 2019 in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform

¹ The Federal Acquisition Regulation, Section 2.101, was amended, and increased the micro-purchase threshold from \$3,000 to \$3,500 effective October 1, 2015.

our project to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

We focused on CSB purchase card transactions during FY 2018. We reviewed and analyzed the CSB's internal controls. In FY 2018, the CSB completed 448 purchase card and four convenience check transactions, with a total net value of \$322,841 and \$4,019, respectively. We judgmentally selected a sample of 26 purchase card transactions, valued at \$56,266, and one convenience check transaction, valued at \$945. We selected purchases for review based on the following criteria:

- Transactions over \$3,500.
- Transactions made on federal holidays or weekend dates.
- Transactions associated with invalid merchant category codes.
- Transactions made to the same vendor on the same date that, when added together, would have exceeded the micro-purchase limit.

We looked to determine whether there were any purchases over \$10,000 made after the micro-purchase threshold was raised May 2018. We also analyzed whether any transactions made after the threshold was raised to a single vendor on the same date, when combined, would have exceeded the \$10,000 limit.

We reviewed each transaction to determine whether each was a legitimate charge, and properly authorized and approved based on the CSB's Charge Card Management Plan requirements. In addition, we analyzed the CSB's management plan to determine whether it had controls to prevent fraud, waste and abuse of purchase cards. We also reviewed the CSB's Compliance Matrix, prepared in accordance with the General Services Administration Smart Pay Bulletin 21, to determine whether and how the CSB complied with the requirements set forth in the Office of Management and Budget (OMB) Memorandum M-13-21.

Prior Report

In FY 2018, the OIG conducted a risk assessment of the CSB's purchase card program. We issued Report No. [18-P-0218](#), *CSB Purchase Card Program at Low Risk for Unauthorized Purchases*, on July 3, 2018, and assessed the CSB's purchase card program as low risk. We made no recommendations in the report.

Results

The CSB purchase card program continues to be at low risk for unauthorized purchases. We found that the CSB complied with OMB guidance² in the Charge Card Management Plan and should continue to follow those requirements. Our review of 26 sampled purchase card transactions and one sampled convenience check transaction found that all were legitimate charges and properly supported.

A total of 16 of 448 transactions were over the micro-purchase threshold of \$3,500. During our audit, we learned that in May 2018 the CSB raised its limit for single purchase card transactions, as allowed by the National Defense Authorization Act for FY 2018, to \$10,000. We did not find any transactions that exceeded the new limit of \$10,000 or any internal control or fraud issues related to the CSB's use of this higher limit.

While we had no audit finding related to raising the micro-purchase threshold, we advised the CSB to update Board Order 24 to reflect the agency's new threshold of \$10,000. CSB officials internally discussed revising the Board Order in May 2018, but as of July 2019 the Board Order still had not been updated. The CSB indicated it plans to update the Board Order by September 1, 2019.

Conclusion

Based on the results of our risk assessment, we determined that the CSB's purchase card program is at low risk. Therefore, in FY 2020, we plan to conduct another annual risk assessment, in accordance with OMB Memorandum M-13-21, of the CSB's FY 2019 purchase card program transactions. Based on the results of our risk assessment, we make no recommendations.

CSB Response

The CSB agreed with our report and did not provide written comments.

² The OMB's two guidance documents related to purchase cards are *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, Memorandum M-13-21, September 6, 2013; and *Improving the Management of Government Charge Card Programs*, Appendix B to OMB Circular No. A-123, January 15, 2009.

Distribution

Interim Executive Authority and Member, U.S. Chemical Safety and Hazard Investigation Board
Board Members, U.S. Chemical Safety and Hazard Investigation Board
General Counsel, U.S. Chemical Safety and Hazard Investigation Board
Director of Administration and Audit Liaison, U.S. Chemical Safety and Hazard Investigation Board