

PERFORMANCE AUDIT REPORT

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
CHARGE CARD PROGRAM

FOR THE FISCAL YEARS 2019 & 2020

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INDEPENDENT AUDITORS' PERFORMANCE AUDIT REPORT ON THE U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION CHARGE CARD PROGRAM

Inspector General
U.S. Equal Employment Opportunity Commission:

We were engaged by the U.S. Equal Employment Opportunity Commission ("EEOC"), Office of Inspector General ("OIG"), to conduct a performance audit of the EEOC charge card program, which includes both purchase and travel cards. EEOC uses purchase cards to reduce the administrative cost of processing small dollar purchases and travel cards to reduce the cost of official travel and for the convenience of the traveler.

Purchase and travel cards are high risks for fraud, waste, abuse, and misuse. Accordingly, if the internal controls governing EEOC's purchase and travel card programs are not sufficient, properly designed, and fully implemented, EEOC will not be able to detect and prevent fraudulent purchases or other potential improper uses and abuses of the cards.

Our performance audit objectives over the charge card program were:

- (1) To determine whether internal controls are in place to detect and prevent fraud, waste, abuse and misuse in the EEOC charge card program.
- (2) Evaluate the effectiveness and efficiency of the processes and procedures over EEOC's charge card program. Specifically, determine if procedures for issuing purchase cards/convenience checks and travel cards, monitoring the use of the purchase cards/convenience checks and travel cards, and providing training to employees having responsibilities for purchase cards/convenience checks and travel cards are adequate.
- (3) To determine if the EEOC charge card/convenience check and travel card program is operating in compliance with laws and regulations.
- (4) To determine if purchase card/convenience check and travel card transactions are valid and approved by the appropriate officials.
- (5) To conduct a risk assessment of EEOC's purchase card/convenience checks and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The EEOC charge card program had previously been audited in FY 2018, which covered activity in FY 2017 and 2018. The previous audit resulted in two (2) recommendations to improve the management of the charge card program and one (1) finding. We found that while EEOC has made improvements to the account closing process procedures, the procedures have not been properly updated in EEOC directives nor have they been followed in practice.

We found that EEOC has properly designed their internal controls over its charge card program to detect and prevent fraud, waste, abuse and misuse.

While we found EEOC's internal control environment to be effective overall, we did find nine (9) exceptions with their oversight and monitoring of the cardholder account closure procedures. This finding is a repeat finding from the prior audit. We issued one (1) Notice of Findings and Recommendations (NFR) to EEOC over the identified deficiencies.

We found the EEOC charge card program to be in substantial compliance with laws and regulations, specifically Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, Revised August 27, 2019. However, we did find two (2) instances of non-compliance with the Government Charge Card Abuse Prevention Act of 2012. We issued one (1) Notice of Findings and Recommendations (NFR) to EEOC over compliance with laws and regulations.

We found, through our substantive sampling procedures, five (5) exceptions over the validity and approval of charge card transactions. We issued one (1) Notice of Findings and Recommendations (NFR) to EEOC over validation of transactions procedures.

We concluded EEOC's overall charge card program risk, including travel, purchase, and convenience checks, during the period under audit was moderate.

This report is for the purpose of concluding on the audit objectives described above. Accordingly, this report is not suitable for any other purpose. We appreciate the cooperation and courtesies that EEOC personnel extended to us during the execution of this performance audit.

Harper, Raina, Knight & Company, P.A.
Washington, DC
February 24, 2021

Background

A U.S. government purchase card is an internationally accepted credit card issued by individual contractors and available to personnel in all federal agencies under a single General Services Administration (GSA) contract. The purpose of Charge Card Programs is to minimize the paperwork needed to make purchases with proper authorization.

The Office of Management and Budget (OMB) Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, Revised January 15, 2009, sets forth policies and procedures Federal agencies should use to maintain internal controls that reduce the risk of fraud, waste, and error in Government charge card programs. Management's understanding of internal controls is essential in ensuring accountability at all levels of charge card use.

Charge cards allow the same individual to order, pay for, and receive goods and services. Purchase and travel cards are at a high risk for misuse, fraud, waste, and abuse. Accordingly, if the internal controls governing the Equal Employment Opportunity Commission's (EEOC) purchase and travel card programs are not sufficient, properly designed, and fully implemented, EEOC will not be able to detect and prevent fraudulent purchases or other improper use of the cards.

The Office of the Chief Financial Officer (OCFO) at EEOC has responsibility for overall management of the commercial charge card program. Within the OCFO the travel card program is the responsibility of the Finance and Systems Services Division (FSSD) and the purchase card program is the responsibility of the Acquisition Services Division (ASD). EEOC defines its internal controls for its charge card programs in the form of Directives Number 360.003 and 345.001, *Commercial Purchase Charge Card Program Practical User's Guide* and *Travel and Transportation Administrative Policies & Procedures Manual*, respectively. Included in the user's guide are responsibilities for individuals and EEOC offices, guidance on authorized use of the purchase card, purchase limits, reconciliation and payments and training requirements for those involved with the use of the agency's purchase card.

Key roles within the EEOC's purchase card program include the Charge Card Program Manager (CCPM), Agency /Organization Program Coordinator (A/OPC), Approving Officials (AO), and Cardholders. The CCPM is responsible for the day to day oversight and administration of travel card operations within the agency. This includes help with setting up accounts, serving as a liaison between the cardholder and card contractor, auditing accounts as required, and keeping necessary account information current. The A/OPC oversees the charge card program for his or her Agency/Organization, establishes guidelines, is the focal point for establishing and maintaining accounts, and issuance and destruction of travel cards. AOs are usually the office director or supervisor designated to approve charge card transactions, monitor charge card activity in an organization, and certify the invoice for payment for the charge card services. Each cardholder is assigned an approving official who will review cardholder transactions to ensure that the purchases are valid and allowable.

Travel cards can either be an individually billed account (IBA) or a centrally billed account (CBA). The IBA accounts are issued to individual cardholders and may only be used by the named

employee. These travel card accounts are the responsibility of the named card holder to remit payment to Citibank in full within 30 days. The named cardholder is liable for all charges incurred, regardless of whether they exceeded the amount they are entitled to be reimbursed. The CBA accounts are issued to an organization and are used for employee's who do not have a government issued travel card.

Purchase cards are issued to a responsible employee as designated by the appropriate director in the EEOC headquarters, district or field office(s), or other management official who has budget control and responsibilities. Purchase cards, while issued to a named cardholder, are a delegation of EEOC's procurement authority. Purchase cards are intended to be used as the purchasing vehicle for micro-purchases and as a payment for contracts above the micro-purchase threshold up to \$25,000. The cardholder's delegation of procurement authority authorizes them to make purchases up to \$3,500 (\$10,000 as of August 4, 2020) for supplies and \$2,500 for services. For purchases exceeding the delegated authority requires an additional signature of the Contracting Officer or delegated District Director.

Convenience checks are payment instruments drawn on the purchase card account. Convenience checks may be written only to vendors who do not accept the purchase charge card, for emergency incident response, and for other Commission approved purposes that comply with Public Law 104-134, the Debt Collection Improvement Act of 1996.

Objective, Scope, and Methodology

Objectives

The audit objectives were as follows:

- (1) To determine whether internal controls are in place to detect and prevent fraud, waste, abuse and misuse in the EEOC charge card program.
- (2) Evaluate the effectiveness and efficiency of the processes and procedures over EEOC's charge card program. Specifically, determine if procedures for issuing purchase cards/convenience checks and travel cards, monitoring the use of the purchase cards/convenience checks and travel cards, and providing training to employees having responsibilities for purchase cards/convenience checks and travel cards are adequate.
- (3) To determine if the EEOC charge card/convenience check and travel card program is operating in compliance with laws and regulations.
- (4) To determine if purchase card/convenience check and travel card transactions are valid and approved by the appropriate officials.
- (5) To conduct a risk assessment of EEOC's purchase card/convenience checks and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

Scope

The scope of this audit covered testing of all charge card program transactions covering the fiscal years (FY 2019 – FY 2020).

Our performance audit was not designed to, and we did not, perform a financial audit of the amounts obligated or expended by EEOC.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS consists of the professional standards and guidance contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Methodology

To perform our audit, we interviewed personnel within EEOC's Office of the Chief Financial Officer (OCFO). We reviewed the existing EEOC charge card directives, guidance issued by regulatory agencies, and charge card data supplied by EEOC's third party service providers. We selected samples of the agency's controls over both the issuance and closing of purchase and travel cardholder accounts. We selected a statistical sample of charge card activity made during fiscal years (FY) 2019 and 2020 to conduct control and substantive tests over the EEOC charge card program.

We conducted interviews and process walkthroughs with officials at EEOC and within the OCFO organization to understand the internal controls, processes, systems, and procedures used to manage the agency's charge card program.

We selected samples of the agency's controls over the issuance of purchase and travel accounts and closing of cardholder accounts at separation. Sample items were tested for compliance with EEOC policies and procedures as well as compliance with the requirements of OMB Circular A-123, Appendix B.

We selected samples of purchase and travel card transactions during FY 2019 and 2020. Testing performed over the sample included verification of: transaction support, transaction approval, allowable MCC codes, evidence to support amounts were available prior to purchase, appropriate purchases for government use, dispute of unauthorized charges, purchases were from the required sources of supply and service, cardholder not splitting purchases, and balances paid timely.

Criteria

We used the following to perform the audit:

- GAO *Government Auditing Standards*, 2018 Revision
 - Chapter 8: Field Work Standards for Performance Audits
 - Chapter 9: Reporting Standards for Performance Audits
- GAO Standards for Internal Control in the Federal Government, September 2014
- OMB Circular No. A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, Revised August 27, 2019.

Inspector General
U.S. Equal Employment Opportunity Commission (continued)

- Treasury Financial Manual, Vol.1, Part 4, Section 4525
- 31 U.S.C. §§ 3321, 3322, 3327, 3335, 3901
- Public Law 112-194

Results

Objective 1 — To determine whether internal controls are in place to detect and prevent fraud, waste, abuse and misuse in the EEOC's charge card program.

The charge card program is the responsibility of the OCFO. Within the OCFO the travel card program is the responsibility of the Finance and Systems Services Division (FSSD), and the purchase card program is the responsibly of the Acquisition Services Division (ASD). **Table 1** below reflects the amount of activity in each program during FY 2019 and 2020.

Table 1 – EEOC Charge Card Program Activity

| | Purchase Cards | Travel Cards |
|------------------------------------|----------------|---------------|
| Number of Cardholders | 136 | 513 |
| Number of Transactions | 20,382 | 4,836 |
| Transaction Total | \$10,985,719 | \$1,585,315 |
| EEOC Appropriation for FY19 & FY20 | \$771,000,000 | \$771,000,000 |
| Average Spending/Cardholder | \$80,777 | \$3,090 |
| Average Transaction Value | \$539 | \$328 |
| Percent of EEOC Budget | 1% | 0.2% |

EEOC defines its internal controls for its charge card programs in the form of Directives Number 360.003 and 345.001, *Commercial Purchase Charge Card Program Practical User's Guide* and *Travel and Transportation Administrative Policies & Procedures Manual*, respectively. We performed walkthroughs with EEOC personnel in both FSSD and ASD to gain an understanding of the controls documented in the respective directives.

To determine if the internal controls and processes documented in the directives were designed appropriately to meet the requirements of OMB A-123, Appendix B, we developed a crosswalk between the requirements from OMB and the internal control policies and procedures documented in the EEOC directives. Based on our audit procedures, we determined that the internal controls documented in the EEOC directives are designed properly, to detect and prevent fraud, waste, abuse, and misuse in the EEOC charge card program.

Objective 2 — To evaluate the effectiveness of the processes and procedures over EEOC's charge card program. Specifically, determine if procedures for issuing purchase cards/convenience checks, monitoring the use of the charge cards/convenience checks, and providing training to employees having responsibilities for charge cards/convenience checks are adequate.

The OCFO is responsible for the implementation, operating effectiveness, and monitoring of the internal control environment it has designed in Directives Number 360.003 and 345.001.

We tested the implementation, operating effectiveness, and monitoring of the controls by first identifying the key controls in the directives to meet the objectives of this performance audit. We designed procedures to test the operating effectiveness of the controls.

In order to determine if EEOC is issuing travel and charge cards in accordance with its directives, we obtained the universe of travel and purchase cards issued in FY 2019 and 2020. This universe consisted of sixty-four (64) newly issued charge cards. We haphazardly selected a sample of fifteen (15) accounts, nine (9) travel and six (6) purchase cards opened in our testing period.

For travel cards, we verified that prior to issuing the travel card the card applicant had completed the travel charge card application, successfully completed the GSA online training, had a favorable credit score, and completed the employee acknowledgement form. No exceptions were identified as a result of our testwork.

For purchase cards, we verified that prior to issuing the purchase card, the card applicant had completed the Citibank government purchase card set-up form and successfully completed the GSA SmartPay purchase cardholder training. No exceptions were identified as a result of our testwork.

We verified the OCFO is monitoring the use of charge cards, in accordance with their directives. We haphazardly selected six (6) months of the "Purchase Card Monthly Management Review" performed by the OCFO. No exceptions were identified as a result of our testwork.

In order to determine if EEOC is closing travel and charge cards in accordance with its directives, we obtained the universe of travel and purchase cards issued in FY 2019 and 2020. This universe consisted of forty-eight (48) closed charge cards. We haphazardly selected a sample of fifteen (15) accounts, four (4) travel and eleven (11) purchase cards closed in our testing period. Of the eleven (11) purchase cards selected, eight (8) closed before August 21, 2019 and three (3) after August 21, 2019. We found exceptions with nine (9) of the fifteen (15) sample items.

For travel cards, we verified that the travel card was marked as surrendered on the EEOC and Contractor Employee Clearance Record forms, that the travel card was disabled in a timely manner, and that no transaction activity occurred after the account closing. EEOC could not provide audit evidence for one (1) of the requested samples. Our testing found that no transaction occurred after account closings.

For purchase cards, we verified that the travel card was marked as surrendered on the EEOC and Contractor Employee Clearance Record forms, that the purchase card was disabled in a timely manner, and that no transaction activity occurred after the account closing. EEOC could not provide audit evidence for eight (8) of the requested sample items. Of the eight (8) exceptions, six (6) occurred in accounts closed before August 21, 2019 and two (2) occurred in accounts closed after August 21, 2019. Our testing found that no transaction occurred after account closings.

We considered the above to be a deficiency in the operating effectiveness of the charge card program.

Finding No 1: Lack of oversight and monitoring procedures related to cardholder account closure procedures.

This deficiency was caused by EEOC not monitoring or enforcing the proper controls to support charge card recovery and documentation when an account is closed. EEOC has not updated Directives Number 360.003 for the closing procedures mandated in an EEOC email dated August 21, 2019. These deficiencies could lead to a failure to detect and prevent fraud, waste, abuse, and misuse in EEOC's charge card programs.

Objective 3 — To determine if the EEOC's charge card/convenience check program is operating in compliance with laws and regulations.

The OCFO has overall responsibility for compliance with laws and regulations covering the EEOC charge card program.

In order to determine if the EEOC's charge card program is in compliance with laws and regulations, we first made inquiries with OCFO personnel and obtained the EEOC Directives covering the charge card program, Directives Number 360.003 and 345.001. We then identified the following applicable Federal law and regulations for the management and oversight of charge card programs:

- Government Charge Card Abuse Prevention Act of 2012 (Public Law 112-194);
- Office of Management and Budget (OMB) Memorandum M-13-12 *Implementation of the Government Charge Card Abuse Prevention Act of 2012*;
- OMB Circular No. A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, Revised August 27, 2019.

Using the above EEOC directives and the applicable Federal laws and regulations, we compared the requirements found in the laws and regulations to the EEOC Directives. Our tests for compliance with the applicable provisions of laws and regulations disclosed two instances of noncompliance with the Government Charge Card Abuse Prevention Act of 2012 for the periods covered by our performance audit:

- EEOC Order 360.003 does not include reference to, “Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on purchase card accounts are reviewed for accuracy and properly recorded as a receipt to the agency that pays the monthly bill.”
- EEOC Order 360.003 does not include reference to, “Periodic reviews are performed to determine whether each purchase card holder has a need for the purchase card.”

We considered the above to be a deficiency in the operating effectiveness of the charge card program.

Finding No 2: EEOC is not in compliance with two provisions of the Government Charge Card Abuse Prevention Act of 2012.

This deficiency was caused by EEOC not reviewing or monitoring applicable laws to ensure their policy and procedures are in compliance with those laws. This deficiency could lead to a failure to detect and prevent fraud, waste, abuse, and misuse in EEOC's charge card programs. The Notice of Finding and Recommendation, including Management's response can be found at Appendix D.

Objective 4 — To determine if purchase card/convenience check and travel card transactions are valid and approved by the appropriate officials.

EEOC management has responsibility to ensure charge card transaction are valid and properly approved.

To test the validity of the purchase card transactions, we selected a random sample of seventy-eight (78) transactions from the purchase card populations from FY 2019 and 2020. For purchase cards, we performed the following procedures:

- Traced amounts to supporting invoices;
- Verified funds had been obligated for purchase;
- Verified payments agreed to obligating documents and invoice(s);
- Traced amounts to the receiving report;
- Verified the transaction dates agree;
- Verified the Contracting Officer signed the purchase order for all purchases over the micro-purchase levels at HQ and the District Director signed the purchase order for all purchases over the micro-purchase levels for the field offices;
- Verified the Merchant Category Code (MCC) is allowable.

We noted the following exceptions as a result of our testwork:

- EEOC could not provide an obligating document for one (1) of the purchase card transactions.
- EEOC could not provide a signed purchase order for a purchase over the micro-purchase level for one (1) of the purchase card transactions.

To test the validity of the travel card transactions, we selected a random sample of seventy-eight (78) transactions from the travel card populations from FY 2019 and 2020. For travel cards, we performed the following procedures:

- Verified the transaction is supported by a valid invoice, where applicable;
- Verified the transaction is supported by a Travel Authorization in E2 that is approved by the Administrative Officer/District Resources Manager (AO/DRM), then approved by the Office Director;
- Verified the payment agrees to the Travel Authorization, Travel Voucher, and invoice;
- Verified the transaction dates agree;
- Verified the MCC is allowable.

We noted the following exceptions as a result of our testwork:

- EEOC could not provide a receipt for one (1) of the travel card transactions.
- EEOC could not provide a travel voucher or travel authorization for two (2) of the travel card transactions.

We considered the above to be a deficiency in the operating effectiveness of the charge card program.

Finding No 3: Lack of documentation to support transactions in the charge card program.

These deficiencies for the purchase and travel card programs were caused by the internal controls in place over maintaining proper documentation are not consistently applied or followed by EEOC personnel. This deficiency could lead to a failure to detect and prevent fraud, waste, abuse, and misuse in EEOC's charge card programs. The Notice of Finding and Recommendation, including Management's response can be found at Appendix D.

Objective 5 — To conduct a risk assessment of EEOC’s purchase cards/convenience checks and travel card programs to analyze the risks of illegal, improper, or erroneous purchases.

We concluded EEOC's overall charge card program risk, including travel and purchase, during the period under audit was moderate. We based our conclusion on the charge card programs’ size, internal controls, previous audit recommendation implementation, compliance with laws and regulations, and potential for fraud. See **Table 2** for the scoring used during the audit:

Table 2 – Scoring Guide

| Criteria | Low | Moderate | High |
|--|--------------------------|---------------------------|--------------------------|
| Program Size (% of EEOC appropriation) | <3% | 3 – 10% | >10% |
| Internal Control | All controls implemented | Most controls implemented | Controls not implemented |
| Recommendation Implementation | 0 not implemented | 1– 3 not implemented | >3 not implemented |
| Compliance with Laws and Regulations | 1 – 3 exceptions | 4 – 6 exceptions | >6 exceptions |
| Valid and Approved Transactions | 1 exception | 2 – 6 exceptions | >6 exceptions |

While we determined the risk associated with the use of charge cards was moderate, this should not be interpreted to mean that the programs are free from illegal, improper, or erroneous purchases and payments or that the risk will remain unchanged.

Summary results are in *Table 3*:

Table 3 – EEOC Charge Card Program Risk Assessment

| Criteria | Charge Card Program |
|--------------------------------------|---------------------|
| Program Size | Low |
| Internal Control | Moderate |
| Recommendation Implementation | Moderate |
| Compliance with Laws and Regulations | Low |
| Valid and Approved Transactions | Moderate |
| Summary Assessment | Moderate |

Recommendations

1. We recommend that the Office of the Chief Financial Officer of the U.S. Equal Employment Opportunity Commission enhance the documentation, monitoring, and enforcement of its controls over the closure of charge card accounts.
 - For purchase cards, EEOC management should create a control where management reviews, on a sample basis, the purchase card account closure documentation to ensure it adheres to the EEOC Purchase Card Audit Finding Update Memo, sent August 21, 2019, that states, “Effective immediately, the AOs and DRMs must maintain documentation on all account closures electronically or in hard copy. The documentation must include the following: name of the AO or DRM who has received the employee’s charge card; date the card has been turned in; date the card has been physically destroyed; and date that account closure has been confirmed by Citibank.”
 - For travel cards, the Charge Card Program Manager (CCPM) should maintain documentation of all account closures electronically or in hard copy. Documentation should include evidence of the name of the immediate supervisor and/or servicing personnel officer who received the employee’s charge card, the date the card was turned in, the date the card was cut in half, and the date that account closure was confirmed by the Charge Card Vendor. The policy or procedure should include monitoring by the CCPM and appropriate disciplinary actions for non-compliance.
2. We recommend EEOC ensure that emailed policy memos are promptly updated in the appropriate EEOC Directives Transmittal Order.
3. We recommend that the Office of the Chief Financial Officer of the U.S. Equal Employment Opportunity Commission enhance the documentation and monitoring of controls over the validation process of charge card transactions.
 - For purchase cards, EEOC management should create a control where management reviews, on a sample basis, purchase cards transactions to ensure all obligating documents and purchase orders are in conformity with EEOC Directives Transmittal Order 360.003, Commercial Purchase Charge Card Program Practical User’s Guide.
 - For travel cards, EEOC management should create a control where management reviews, on a sample basis, travel card transactions to ensure all travel authorization or vouchers

and receipts are in conformity with EEOC Directives Transmittal Order 345.001, Travel and Transportation Administrative Policies and Procedures Manual.

4. We recommend EEOC management update its policies and procedures to include all required safeguards and internal controls to be compliant with the Government Charge Card Abuse Prevention Act of 2012. In addition, EEOC should create a monitoring control to review the policy when changes or updates are made to federal law or Office of Management and Budget or General Services Administration guidance.

Managements' Response

Recommendation 1:

- 1A. Six of the samples requested were from purchase cards that had been closed prior to August 21, 2019, which was the date of implementation of the recommendation from the previous audit in 2018. The two remaining samples were from purchase cards that were closed after the implementation of the corrective action. The audit finding determined that the employee checklist did not contain a check in the box that indicated that the purchase card had been turned in prior to an employee's departure from the Commission. The corrective action issued on August 21, 2019, did not include the employee check out form as part of the purchase card closure procedure.

The Office of the Chief Human Capital Officer (OCHCO) is responsible for the use of the employee check out form during the employee exit clearance process. We will work with OCHCO and management to determine if the employee check out form should become a part of the purchase card closure process. A random sample of purchase card closure documentation will be reviewed along with statements during the quarterly review.

- 1B. One requested travel card was promptly closed upon the notification via email that the employee has separated. The cardholder account was immediately suspended to prevent future activity and closed after ensuring all outstanding travel vouchers have been posted by the bank and no outstanding balance exist.

The Office of the Chief Financial Officer (OCFO) will continue to implement oversight/monitoring procedures over the consistent enforcement of the travel card related policies and procedures.

Recommendation 2:

We will update policy via email to ensure that our current processes and practices are up to date. Formal policies will be updated as practicable to incorporate revision and changes.

Recommendation 3:

We concur that one sample selected for a purchase card transaction for \$167.00 did not contain the signed EEOC Form 123 prior to the purchase. However, the second exception

was a result of the Deputy CIO approving the purchase via email because the form was locked by the requesting manager and she could not unlock the form to sign it. The email approving the purchase was issued by the Deputy CIO prior to the cardholder making the purchase. We will explore options for approving the EEOC Form 123 when the approving official is working remotely and does not have access to a computer or is having computer connectivity issues. We will continue our quarterly purchase card reviews and the Purchase Card Program Coordinator's supervisor will sign off on the review once completed.

We will continue to increase our oversight/monitoring of travel card transactions to ensure compliance to travel card policies and take actions as appropriate.

Recommendation 4:

The purchase and travel card policies will be revised periodically to incorporate revisions and updates to current policies.

Management's full response is provided in *Appendix B*.

Auditors' Consideration of Management's Response

EEOC management generally concurred with our recommendations; however, we have not performed any audit procedures over their response and therefore cannot verify the corrective actions have been implemented and are operating effectively.

Appendix A - Acronyms and Abbreviations

| | |
|---------------|--|
| <i>AO</i> | <i>Approving Official</i> |
| <i>A/OPC</i> | <i>Agency/Organization Program Coordinator</i> |
| <i>AA/OPC</i> | <i>Agency Alternative/Organization Program Coordinator</i> |
| <i>ASD</i> | <i>Acquisition Services Division</i> |
| <i>CCPM</i> | <i>Charge Card Program Manager</i> |
| <i>CPA</i> | <i>Certified Public Accountant</i> |
| <i>DRM</i> | <i>District Resources Manager</i> |
| <i>EEOC</i> | <i>Equal Employment Opportunity Commission</i> |
| <i>FY</i> | <i>Fiscal Year</i> |
| <i>GAGAS</i> | <i>Generally Accepted Government Auditing Standards</i> |
| <i>GAO</i> | <i>U.S. Government Accountability Office</i> |
| <i>GSA</i> | <i>General Services Administration</i> |
| <i>MCC</i> | <i>Merchant Category Code</i> |
| <i>OCFO</i> | <i>Office of Chief Financial Officer</i> |
| <i>OIG</i> | <i>Office of Inspector General</i> |
| <i>OMB</i> | <i>Office of Management and Budget</i> |
| <i>P.A.</i> | <i>Professional Association</i> |
| <i>U.S.C.</i> | <i>United States Code</i> |

Appendix B – EEOC Management's Response



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Washington, D.C. 20507

Office of the Chief Financial Officer

February 10, 2021

MEMORANDUM

TO: Milton A. Mayo, Jr.
Inspector General

Nina Murphy
Assistant Inspector General for Audits

FROM: Elisa M. Krobot ELISA KROBOT Digitally signed by ELISA KROBOT
Date: 2021.02.10 13:25:18 -0500
Chief Financial Officer

SUBJECT: Management Response to the FY 2019-2020 EEOC Charge Card Performance
Audit (OIG Report No. 2020-004-AOIG)

This memorandum is in response to the Charge Card performance audit recommendations as follows:

Recommendation 1:

We recommend that the Office of the Chief Financial Officer of the U.S. Equal Employment Opportunity Commission enhance the documentation, monitoring, and enforcement of its controls over the closure of charge card accounts.

- For purchase cards, EEOC management should create a control where management reviews, on a sample basis, the purchase card account closure documentation to ensure it adheres to the EEOC Purchase Card Audit Finding Update Memo, sent August 21, 2019, that states, "Effective immediately, the AOs and DRMs must maintain documentation on all account closures electronically or in hard copy. The documentation must include the following: name of the AO or DRM who has received the employee's charge card; date the card has been turned in; date the card has been physically destroyed; and date that account closure has been confirmed by Citibank."

- For travel cards, the Charge Card Program Manager (CCPM) should maintain documentation of all account closures electronically or in hard copy. Documentation should include evidence of the name of the immediate supervisor and/or servicing personnel officer who received the employee's charge card, the date the card was turned in, the date the card was cut in half, and the date that account closure was confirmed by the Charge Card Vendor. The policy or procedure should include monitoring by the CCPM and appropriate disciplinary actions for non-compliance.

Management Response:

- 1A. Six of the samples requested were from purchase cards that had been closed prior to August 21, 2019, which was the date of implementation of the recommendation from the previous audit in 2018. The two remaining samples were from purchase cards that were closed after the implementation of the corrective action. The audit finding determined that the employee checklist did not contain a check in the box that indicated that the purchase card had been turned in prior to an employee's departure from the Commission. The corrective action issued on August 21, 2019, did not include the employee check out form as part of the purchase card closure procedure.

The Office of the Chief Human Capital Officer (OCHCO) is responsible for the use of the employee check out form during the employee exit clearance process. We will work with OCHCO and management to determine if the employee check out form should become a part of the purchase card closure process. A random sample of purchase card closure documentation will be reviewed along with statements during the quarterly review.

- 1B. One requested travel card was promptly closed upon the notification via email that the employee has separated. The cardholder account was immediately suspended to prevent future activity and closed after ensuring all outstanding travel vouchers have been posted by the bank and no outstanding balance exist.

The Office of the Chief Financial Officer (OCFO) will continue to implement oversight/monitoring procedures over the consistent enforcement of the travel card related policies and procedures.

Recommendation 2:

We recommend EEOC ensure that emailed policy memos are promptly updated in the appropriate EEOC Directives Transmittal Order.

Management Response:

We will update policy via email to ensure that our current processes and practices are up to date. Formal policies will be updated as practicable to incorporate revision and changes.

Recommendation 3:

We recommend that the Office of the Chief Financial Officer of the U.S. Equal Employment Opportunity Commission enhance the documentation and monitoring of controls over the validation process of charge card transactions.

- For purchase cards, EEOC management should create a control where management reviews, on a sample basis, purchase cards transactions to ensure all obligating documents and purchase orders are in conformity with EEOC Directives Transmittal Order 360.003, Commercial Purchase Charge Card Program Practical User's Guide.
- For travel cards, EEOC management should create a control where management reviews, on a sample basis, travel card transactions to ensure all travel authorization or vouchers and receipts are in conformity with EEOC Directives Transmittal Order 345.001, Travel and Transportation Administrative Policies and Procedures Manual.

Management Response:

- 3A. We concur that one sample selected for a purchase card transaction for \$167.00 did not contain the signed EEOC Form 123 prior to the purchase. However, the second exception was a result of the Deputy CIO approving the purchase via email because the form was locked by the requesting manager and she could not unlock the form to sign it. The email approving the purchase was issued by the Deputy CIO prior to the cardholder making the purchase. We will explore options for approving the EEOC Form 123 when the approving official is working remotely and does not have access to a computer or is having computer connectivity issues. We will continue our quarterly purchase card reviews and the Purchase Card Program Coordinator's supervisor will sign off on the review once completed.
- 3B. We will continue to increase our oversight/monitoring of travel card transactions to ensure compliance to travel card policies and take actions as appropriate

Recommendation 4:

We recommend EEOC management update its policies and procedures to include all required safeguards and internal controls to be compliant with the Government Charge Card Abuse Prevention Act of 2012. In addition, EEOC should create a monitoring control to review the policy when changes or updates are made to federal law or Office of Management and Budget or General Services Administration guidance.

Management Response:

The purchase and travel card policies will be revised periodically to incorporate revisions and updates to current policies.