



OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

MEMORANDUM

February 24, 2015

TO: Mary Jo White, Chair

FROM: Carl W. Hoecker, Inspector General, Office of Inspector General

SUBJECT: *Results of Inspector General's Fiscal Year 2014 Purchase Card Program Risk Assessment*

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), P.L. 112-194, requires the Office of Inspector General (OIG) to conduct periodic assessments of agency purchase card or convenience check programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. The risk assessments are used to determine the scope, frequency, and number of audits of purchase card or convenience check transactions. Pursuant to Office of Management and Budget guidance (M-13-21), risk assessments of agency purchase cards (including convenience checks) should be completed on at least an annual basis. As a result, we have conducted a risk assessment of the U.S. Securities and Exchange Commission's (SEC) Government Purchase Card (GPC) program for fiscal year 2014. This memo fulfills the Charge Card Act requirement to report to the agency head the results of the risk assessment.

To conduct the risk assessment of the SEC's GPC program, we assessed agency compliance with requirements of the Charge Card Act and evaluated the SEC's GPC program against an established enterprise risk management framework. We interviewed staff from the Office of Acquisitions and reviewed applicable documents.

The SEC has established program objectives, identified risks to the GPC program, and established controls and monitoring to address those risks. We agree with the SEC's assessment of how its controls and monitoring affect the likelihood the risks could occur and the impact those risks would have on the GPC program. Given the objectives and size of the GPC program and its materiality to the SEC, the SEC's risk response appears reasonable and sufficient.

However, during our work, we determined that 10 individuals who are both cardholders and approving officials and who have separate user identifications for those duties in the USBank GPC online system could approve their own purchases. Although they had the ability to do so, we reviewed data from February 10, 2013, through February 10, 2015, and did not identify any

instances of individuals having approved their own purchases. Also, once notified, the SEC's Agency/Organization Program Coordinator immediately began working with USBank to eliminate this risk.

As a result of our assessment, we have determined that the overall risk of illegal, improper, or erroneous purchases and payments in the GPC program is low. Additionally, because we recently audited the SEC's controls over its GPC program (*Controls Over the SEC's Government Purchase Card Program*, Report No. 517, March 28, 2014), we do not plan to conduct an audit of the program in fiscal year 2015.

The Charge Card Act also requires periodic audits or reviews of travel card programs for agencies with more than \$10 million in travel card spending, but does not require travel card program risk assessments. We determined that, in fiscal year 2014, the SEC did not meet the \$10 million threshold. Furthermore, we did not perform a travel card program risk assessment.

We appreciate the courtesies and cooperation extended to us by the Office of Acquisitions. If you have questions, please contact Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects at (202) 551-6061 or sharekr@sec.gov.

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