



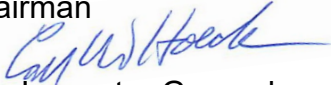
OFFICE OF
INSPECTOR GENERAL

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

M E M O R A N D U M

March 4, 2019

TO: Jay Clayton, Chairman

FROM: Carl W. Hoecker, Inspector General 

SUBJECT: *Results of the Inspector General's Fiscal Year 2018 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 to conduct periodic assessments of agency purchase card and/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 conducted a risk assessment of the U.S. Securities and Exchange Commission's (SEC or agency) Government Purchase Card (GPC) program for fiscal year 2018. This memorandum 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. Additionally, we considered the results of our periodic review of purchase card transactions.

The SEC has established GPC program objectives, identified program risks, 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 agency's risk response appears reasonable and sufficient.

However, during our review of the SEC's fiscal year 2018 GPC transactions, cardholders were unable to provide documentation to verify that employees attended GPC-paid external training events, as required by an SEC administrative regulation.¹ SEC Office of Human Resources personnel are working on a formal plan to communicate with employees who have not verified

¹ SEC Administrative Regulation (SECR) 6-28, *Training and Development Program* (dated October 1, 2018), states that, to confirm attendance at external training events, employees will verify attendance via electronic means in the SEC Learning Management System or communications with an SECU staff member.

their training attendance. The Office of Human Resources will e-mail these employees immediately upon concurrence from the National Treasury Employees Union and then on a quarterly basis to ensure compliance with SEC administrative regulations. In our fiscal year 2019 risk assessment, we will reevaluate this issue.

As a result of our assessment, we determined that the overall risk of illegal, improper, or erroneous purchases and payments in the SEC's GPC program is low. Additionally, because we completed an audit of the SEC's controls over its GPC program in 2014 (*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 2019.

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 2018, 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 during this assessment. If you have questions, please contact Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects, at sharekr@sec.gov, or Carrie Fleming, Audit Manager, at flemingca@sec.gov. You can obtain additional information about the SEC Office of Inspector General at <http://www.sec.gov/oig>.

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