

The CSB Needs to Improve Controls over Its Charge Card Program and Comply with Federal Requirements

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Report Contributors

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Abbreviations

BFS	Bureau of the Fiscal Service
CSB	U.S. Chemical Safety and Hazard Investigation Board
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OIG	Office of Inspector General
OMB	Office of Management and Budget
Pub. L.	Public Law

Cover Image

Image of a government charge card with a banner that lists Appendix B of Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Appendix B details federal requirements for charge cards. (EPA OIG image)

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At a Glance

The CSB Needs to Improve Controls over Its Charge Card Program and Comply with Federal Requirements

Why We Did This Audit

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit, pursuant to the Government Charge Card Abuse Prevention Act of 2012, to assess the effectiveness of the U.S. Chemical Safety and Hazard Investigation Board's oversight of its fiscal year 2022 charge card program and the risk of any illegal, improper, or erroneous purchases and payments.

On August 27, 2019, the Office of Management and Budget revised its Circular A-123, Appendix B, to consolidate governmentwide charge card program management requirements. Appendix B also establishes standard minimum requirements and best practices for government charge card programs.

The Government Charge Card Abuse Prevention Act of 2012 requires each agency's OIG to conduct periodic assessments of the agency charge card program to identify and analyze risks of illegal, improper, or erroneous purchases and payments.

In fiscal year 2022, the CSB made 283 charge card transactions amounting to more than \$333,000.

To support this CSB mission-related effort:

- *Creating and maintaining an engaged, high-performing workforce.*

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[List of OIG reports.](#)

What We Found

While we determined that the CSB's risk for illegal, improper, or erroneous purchases and payments is low, we identified deficiencies the CSB needs to address to ensure that it meets the requirements outlined in Appendix B, "A Risk Management Framework for Government Charge Card Programs," to Office of Management and Budget, or OMB, Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

In fiscal year 2022, the CSB did not (1) adequately address the required elements in its charge card management plan and risk profile, (2) have guidance regarding charge cardholders' use of third-party payment providers, (3) monitor whether charge card program staff completed all required training and whether completions were timely, and (4) provide charge card program staff its written guidance addressing charge card sales tax and all necessary file documentation until FY 2023.

Also, in FY 2022, the CSB had an interagency agreement with the Department of the Treasury's Bureau of the Fiscal Service, or BFS, to support its procurement and financial-management services for charge cards. The CSB's charge card management plan states that the CSB follows the BFS's guidance; however, the OMB requires agencies to establish and monitor controls to provide assurance of proper charge card use. The CSB inappropriately relied on the BFS for certain charge card program operations; as a result, it missed training deadlines and did not meet requirements contained in OMB Circular A-123, Appendix B. Further, written guidance that the CSB issued in FY 2023 for its charge card program did not address the charge card management plan, risk profile, or other areas that need improvement, which demonstrates the CSB's insufficient oversight. If the CSB does not improve its efforts to meet Appendix B requirements, deficiencies in its operations and noncompliance with program requirements could increase the CSB's risk for unauthorized purchases and improper payments.

If the CSB does not improve its efforts to meet the charge card program requirements, it could lead to deficiencies in the CSB's charge card operations and continued noncompliance with program requirements.

Recommendations and Planned Agency Corrective Actions

We recommend that the CSB chairperson ensure that the CSB update its charge card management plan and risk profile to include all the required elements; update its *CSB Government Purchase Card Guidance*, dated October 2022, to include instructions for using third-party payment providers and requirements for monitoring the completion of all required charge card training courses; and require training on and compliance with its updated guidance to ensure that the CSB complies with Appendix B to OMB Circular A-123.

The CSB agreed with our four recommendations. For Recommendations 1 through 4 the CSB provided us with supporting documentation to complete its corrective actions; therefore, we consider the recommendations resolved and corrective actions complete.



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

October 4, 2023

Steve Owens
Chairperson
U.S. Chemical Safety and Hazard Investigation Board
1750 Pennsylvania Avenue NW, Suite 910
Washington, D.C. 20006

Dear Mr. Owens:

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number for this audit was [OA-FY23-0040](#). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. Final determinations on matters in this report will be made by CSB managers in accordance with established audit resolution procedures.

The U.S. Chemical Safety and Hazard Investigation Board is responsible for the issues discussed in this report.

Your Board provided acceptable planned corrective actions and estimated completion dates in response to OIG recommendations. All recommendations are complete, and no final response to this report is required. If you submit a response, however, it will be posted on the OIG's website, along with our memorandum 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.epaoig.gov.

Sincerely,

Sean W. O'Donnell

Table of Contents

Purpose	1
Background	1
The Federal Requirements for Agency Charge Card Programs	1
The CSB Charge Card Program and Process	1
OMB Circular A-123, Appendix B, Outlines Charge Card Program Requirements	2
Responsible Offices	3
Scope and Methodology	4
Prior Reports	4
Results	5
The OIG Assessed the CSB’s Risk for Unauthorized Purchases and Payments to Be Low	5
The CSB Needs to Improve Oversight of Its Charge Card Program	6
The CSB Needs to Improve Written Guidance for Key Program Operations	9
Conclusions	9
Recommendations	10
CSB Response and OIG Assessment	10
Status of Recommendations	12

Appendixes

A Agency Response to Draft Report	13
B Distribution	15

Purpose

The U.S. Environmental Protection Agency Office of Inspector General [initiated](#) this audit to assess the effectiveness of the U.S. Chemical Safety and Hazard Investigation Board's oversight of its fiscal year 2022 charge card program and the risk of any illegal, improper, or erroneous purchases and payments.

Background

The Federal Requirements for Agency Charge Card Programs

The Government Charge Card Abuse Prevention Act of 2012, Pub. L. 112-194, requires all executive branch agencies to establish and maintain safeguards and internal controls to prevent waste, fraud, and abuse of government charge cards and centrally billed accounts. The Act also requires each agency's OIG to conduct periodic assessments of the agency's charge card program to identify and analyze risks of illegal, improper, or erroneous purchases and payments in order to develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of charge card or convenience check transactions.

The CSB Charge Card Program and Process

For FY 2022, the CSB entered into an interagency agreement with the U.S. Department of the Treasury's Bureau of the Fiscal Service, or BFS, for procurement and financial-management services. These services included invoice processing and monthly reconciliations. The CSB worked with the BFS to ensure that all transactions were legitimate and to confirm that all charge cardholders' transactions fully complied with applicable federal laws and regulations. According to the interagency agreement, the BFS also provided technical support and guidance to the CSB. However, the CSB was required to retain full responsibility for the charge card program and the identification of any additional Board-specific internal requirements related to the program.

In FY 2022, the CSB's charge card program staff included two program coordinators who served for different parts of the calendar year. One of these coordinators had been with the CSB for less than one year and was new to the CSB charge card program. The CSB coordinators' responsibilities include establishing policies, procedures, and training requirements for the charge card program.

The CSB also had two charge card approving officials, one of whom had been with the CSB for more than ten years and provided institutional knowledge to staff within the charge card program. The approving officials' responsibilities include providing oversight to the charge cardholders, reviewing and approving cardholder statements for authorized purchases, and ensuring purchase documentation is complete.

In FY 2022, the CSB had six charge cardholders who were authorized to manage charge card purchases to support the CSB's mission. The CSB's charge cardholders are responsible for ensuring the correct receipt of goods or services purchased. The CSB also requires cardholders to contact the vendor to

correct any discrepancies. A written delegation memorandum from the CSB chairperson or the chairperson’s delegate provides authority to each cardholder to negotiate and execute charge card purchases to support the CSB’s mission.

The CSB’s charge card process involves the requestor submitting a purchase request to the supervisor or charge cardholder for approval. The cardholder then submits the request to the managing director or the delegated approver for funding approval before executing the purchase with the chosen vendor. The charge cardholder must obtain any pertinent vendor information and consolidate all supporting documentation into an electronic file. At the end of each month, the charge cardholder forwards the documentation to the program coordinator for review before submitting it to the approving official for final review and approval. The approving official confirms that each charge card transaction has the proper supporting documentation for processing. The approving official will request any needed additional supporting documentation from the charge cardholder. To conclude the process, the approving official reviews, approves, and certifies the charge card statement for the purchases through the charge card bank’s website for processing.

In FY 2023, the CSB issued the *CSB Government Purchase Card Guidance*, dated October 2022, to establish instructions for requestors, cardholders, and charge card managers. While the CSB’s guidance includes requirements for its charge card program and cardholder, it does not address some of the deficiencies identified in this report.

OMB Circular A-123, Appendix B, Outlines Charge Card Program Requirements

OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, Appendix B, “A Risk Management Framework for Government Charge Card Programs,” states that each agency must develop policies that are consistent with Appendix B requirements. Maintaining a charge card management plan is important because the establishment of written, formal policies and procedures is critical to ensure that agencies follow a system of internal controls and to minimize the potential for fraud, misuse, and delinquency. Table 1 details the elements that are required for inclusion in an agency’s charge card management plan per Appendix B to OMB Circular A-123.

Table 1: The ten required elements listed in Chapter 3 of Appendix B to OMB Circular A-123 for an agency’s charge card management plan

Number	Required element
1	“Identification of key management officials and their responsibilities for each business line (purchase, travel, fleet, integrated, etc.);”
2	“Establishment of a process for written appointment of purchase and integrated (purchase business line) card holders per FAR [Federal Acquisition Regulation]-1.603-3(b). Written appointment for other business lines should be included if required by agency policy;”
3	“Implementation of a process to ensure the credit worthiness of new charge card applicants consistent with Chapter 6 – Credit Worthiness for Individually Billed Accounts (IBA)s of this Guidance;”
4	“Description of agency training requirements (consistent with and/or in addition to the training requirements of this Guidance);”
5	“Management controls, policies, and practices for ensuring appropriate charge card and convenience check use and oversight of fraud, misuse, and delinquency;”

Number	Required element
6	“Establishment of appropriate authorization controls;”
7	“Acknowledgement of agency policies and practices developed to ensure appropriate consideration by cardholders of category management, Acquisition Gateway, and strategic sourcing arrangements consistent with Chapter 8 – Category Management & Strategic Sourcing of this Guidance;”
8	“Explanation of how available reports and data are used for monitoring delinquency, misuse, performance metrics, spend analysis, and other relevant transactions and program management issues;”
9	“Documentation and record retention requirements consistent with NARA [National Archives and Records Administration] and Agency specific policies; and”
10	“Policies for the closure or transfer of charge cards and maintenance of other documentation when employees terminate employment, and if applicable, when an employee moves to a different organization.”

Source: OMB Circular A-123, Appendix B. (EPA OIG table)

OMB Circular A-123 states that agencies must maintain a risk profile to provide an analysis of the risks that an agency faces in achieving its strategic objectives. OMB Circular A-123 also states that, while agencies have discretion on the appropriate content and format, their risk profiles should include seven components: identification of objectives, identification of risk, inherent risk assessment, current risk response, residual risk assessment, proposed risk response, and proposed action category.

Appendix B to OMB Circular A-123 states that each agency is responsible for implementing management practices that identify, assess, respond to, and report on risks. The requirements also state that agencies must annually develop a risk profile that they coordinate with their annual strategic reviews. Appendix B provides an example of a charge card risk profile for agencies to follow.

For third-party payments, Appendix B states that each agency must develop and issue guidance regarding the use of third-party payment providers. An agency’s guidance must include criteria to determine when the agency authorizes transactions using third-party payment providers and what cardholder documentation is required to demonstrate that other vendors or payment options were considered for the transactions.

Appendix B states that each agency must provide training on charge card management that is consistent with the requirements of Chapter 4, “Training,” of the appendix. Proper training is vital to the integrity of a charge card program. Training is required so that charge card managers and cardholders understand their roles and responsibilities for the effective implementation of the charge card programs. Training also ensures that charge card managers and cardholders are aware of relevant changes to charge card program management requirements.

Responsible Offices

The Clean Air Act Amendments of 1990 established the CSB, which became operational in 1998. The CSB is an independent federal agency charged with investigating industrial chemical incidents and hazards. The CSB has its headquarters in Washington, D.C.; however, the CSB also has employees working throughout the continental United States.

In its *Performance and Accountability Report*, as of September 30, 2022, the CSB noted it had a professional staff of only 29, with vacancies in several staff positions. The CSB's vision is a nation safe from chemical disasters, and its mission is to drive chemical safety change through independent investigations to protect people and the environment.

According to EPA OIG Report No. [23-F-001](#), *Contractor-Produced Report: U.S. Chemical Safety and Hazard Investigation Board Fiscal Years 2022 and 2021 Financial Statement Audit*, for FY 2022, the CSB's appropriation was \$13.4 million. The CSB made 283 charge card transactions amounting to over \$333,000. The CSB's Office of Financial Operations had two staff members and a director who reported to the acting director of Administration. The Administration Office manages the charge card program and is also responsible for human resources and information technology within the CSB.

Scope and Methodology

We conducted this performance audit from November 2022 to August 2023 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.

We assessed the internal controls necessary to satisfy our audit objective. In particular, we assessed the internal control components—as outlined in the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*—significant to our audit objective. Any internal control deficiencies we found are discussed in this report. Because our audit was limited to the internal control components deemed significant to our audit objective, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit.

We performed a risk assessment by establishing criteria for risks, such as program size and unauthorized purchases. We performed the risk assessment to help the OIG determine the scope, frequency, and number of periodic audits of charge card or convenience check transactions to be conducted in the future. We rated the criteria for both risk and compliance based on our analysis of charge card program operations and internal controls. For FY 2022, the CSB did not conduct any transactions using convenience checks in its charge card program. To answer our audit objective, we reviewed relevant federal laws, regulations, and policies applicable to the management of government charge card programs, as well as the CSB's internal policies and procedures. We also interviewed key management officials and staff within the charge card program, tested a sample of five transactions, and reviewed documentation related to these transactions.

Prior Reports

In FY 2018, we conducted a risk assessment of the CSB's charge card program. We issued EPA OIG Report No. [18-P-0218](#), *CSB Purchase Card Program at Low Risk for Unauthorized Purchases*. We assessed the

CSB's charge card program as low risk for unauthorized purchases. We made no recommendations in the report.

In FY 2019, we conducted a risk assessment of the CSB's charge card program. We issued EPA OIG Report No. [19-P-0245](#), *Chemical Safety Board Purchase Card Program at Low Risk for Unauthorized Purchases During Fiscal Year 2018*. We assessed the CSB's charge card program as low risk for unauthorized purchases. We made no recommendations in the report.

Results

We performed an audit, in conjunction with a risk assessment, to identify and analyze the risk of illegal, improper, or erroneous purchases and payments by the CSB charge cardholders. We assessed the CSB's risk of illegal, improper, or erroneous purchases and payments to be low. However, the CSB's charge card program needs improvements to ensure that it meets the requirements of Appendix B to OMB Circular A-123. Specifically, in FY 2022, the CSB did not (1) adequately address required elements in its charge card management plan and risk profile, (2) provide guidance regarding charge cardholders' use of third-party payment providers, (3) monitor whether charge card program staff completed all required training and whether completions were timely, and (4) provide charge card program staff its written guidance addressing charge card sales tax and all necessary file documentation until FY 2023.

Even though the CSB processed charge card transactions in FY 2022, it relied on the interagency agreement with the BFS to manage various aspects of its charge card program. Additionally, the CSB used verbal communication and institutional knowledge to manage many of its charge card program operations. While the CSB's FY 2022 interagency agreement with the BFS was for procurement and financial-management activities related to accounting, the CSB was responsible for following the requirements of Appendix B to OMB Circular A-123. Because the CSB is ultimately responsible for oversight of its charge card program, its program staff should support the CSB's institutional knowledge with official written guidance. If the CSB does not improve its efforts to meet the charge card program requirements outlined in Appendix B to OMB Circular A-123, deficiencies in its operations and noncompliance with the charge card program's requirements could increase the CSB's risk for unauthorized purchases and improper payments.

The OIG Assessed the CSB's Risk for Unauthorized Purchases and Payments to Be Low

Pursuant to the Government Charge Card Abuse Prevention Act of 2012 requirement that the inspector general of each executive agency conduct periodic risk assessments of agency charge card or convenience check programs, we performed a risk assessment and determined that the CSB's risk for illegal, improper, or erroneous purchases and payments under its charge card program was low. The purpose of the risk assessment was to identify and analyze the risk of illegal, improper, or erroneous purchases and payments. The assessment will also help the OIG to determine the scope, frequency, and number of periodic audits of charge card or convenience check transactions to be conducted in the

future. For our risk assessment, we considered the risk factors listed in Table 2. We scored each factor with a risk rating of high, medium, or low.

Table 2: Summary of risk assessment results for the CSB charge card program

Assessment risk factors	Risk rating
Program size: Percentage of agency’s budgetary resources	Low
Unauthorized and erroneous purchases	Low
Noncompliance with charge card requirements	Medium
Training certificate issues	Medium
Improper delegation of authority	Low
Incomplete or insufficient charge card management plan and risk profile	Medium
Summary risk assessment (average)	Low*

Source: OIG analysis of risk assessment factors. (EPA OIG table)

* We did not identify any unauthorized purchases in our sample testing, which supports our conclusion that the CSB is at low risk of illegal, improper, or erroneous purchases and payments.

We identified deficiencies related to the CSB’s oversight of the charge card program, which we discuss in this report. We did not identify any unauthorized purchases in our sample testing, which supports our conclusion that the CSB’s risk of illegal, improper, or erroneous purchases and payments is low. Our determination that the CSB’s charge card program is at low risk for any illegal, improper, or erroneous purchases and payments should not be interpreted to mean that the program is free from such purchases and payments or that the risk will remain unchanged.

Based on the deficiencies we identified in this audit and our low-risk determination and in accordance with the Government Charge Card Abuse Prevention Act of 2012, the OIG will continue to conduct periodic assessments as required. We will also, within the next three years as priorities allow, perform analyses or audits of the CSB’s charge card program.

The CSB Needs to Improve Oversight of Its Charge Card Program

The CSB’s charge card program needs improvements to align with the requirements of Appendix B to OMB Circular A-123. Specifically, we found that in FY 2022 the CSB did not (1) adequately address all required elements in its charge card management plan and risk profile (2) have guidance regarding charge cardholders’ use of third-party payment providers, and (3) monitor whether charge card program staff completed all required training and whether completions were timely. Further, the CSB did not provide adequate written guidance addressing sales tax and file documentation until FY 2023.

The CSB Did Not Adequately Address All Required Elements in Its Charge Card Management Plan and Risk Profile

The CSB’s charge card management plan and risk profile were not consistent with the requirements of Appendix B to OMB Circular A-123 for FY 2022. The CSB program officials did not adhere to the requirements of Appendix B and instead relied on staff’s institutional knowledge. The CSB inadequately addressed the ten management plan elements in Appendix B. For example, the CSB’s management plan

did not include all key management officials related to the program, the CSB's written process for appointment of charge cardholders, or a full description of training requirements. In addition, two program coordinators within the program were not aware that the CSB had a charge card management plan. The CSB needs to update its charge card management plan to be consistent with Appendix B requirements and inform the CSB charge card program staff about the plan.

The CSB's risk profile for its charge card program did not address three of the seven components required by OMB Circular A-123. The CSB's risk profile included a general discussion of risks but it lacked the required components in OMB Circular A-123. We found that content related to components, such as residual risk, proposed risk response, and proposed action category, was missing from the CSB's profile, and no discussion was included to demonstrate that the CSB considered these components.

OMB Circular A-123 allows for agencies to choose their risk profiles' content and format; however, all risk profiles should include the seven required components. If the CSB does not update its charge card risk profile to include all seven of the components in OMB Circular A-123, the CSB may not be aware of the risks it faces in achieving its charge card program objectives.

The CSB Did Not Have Guidance Regarding Cardholders' Use of Third-Party Payment Providers

The CSB lacks written guidance that addresses the use of charge cards with third-party payment providers. As a result, a cardholder used a personal email account to create and use a third-party payment provider account for CSB purchases. The CSB charge card staff members we interviewed stated that they relied on BFS guidance on how to handle third-party payment providers. Without charge card program written guidance or increased controls for third-party payment providers, the CSB's charge card program is susceptible to improper payments. Appendix B states that each agency must develop and issue guidance that provides the criteria for when the agency authorizes the use of a third-party payment provider for a transaction and details the relevant cardholder documentation that is required to demonstrate that the charge cardholder considered other vendors or payment options for the transaction. Charge card managers must educate cardholders on agency-specific policies relating to the use and risks of using third-party payment providers. If the CSB does not update its FY 2023 guidance to include instructions for and controls over the use of third-party payment providers for authorized transactions, the CSB could increase its risk for improper charges.

The CSB Did Not Monitor Whether Charge Card Program Training Was Completed and Was Timely

The CSB did not adequately monitor whether staff received the appropriate training or whether training was completed in a timely manner as required. For example, one charge card approving official had not taken refresher training within the three-year requirement. The CSB relied on the BFS to remind it of needed training instead of tracking its training needs. In one case, the BFS sent a reminder about the required refresher training after it was due. In another example, key management officials had not taken required data analytics training. While the BFS sent reminders for refresher training and the CSB

asked staff about the status of training, these efforts were not sufficient to ensure that staff completed the required training in a timely manner. Appendix B states that program participants must take refresher training in accordance with agency policy but, at a minimum, every three years. In addition, Appendix B outlines specific training requirements for each type of charge card program and charge card role. For example, the role of agency organization program coordinator has minimum training requirements that include cardholder and approving official responsibilities; procedures for identifying and reporting fraud, misuse, and delinquency; control and oversight tools and techniques; and data analytics tools, techniques, and reports. By not monitoring its training, the CSB risks charge card program staff not being aware of the CSB's requirements for completing the required charge card training.

The CSB Did Not Have Documentation to Adequately Address Sales Tax and File Documentation Deficiencies Until FY 2023

The CSB developed in early FY 2023, written guidance, the *CSB Government Purchase Card Guidance*, hereafter referred to as the *CSB Guidance*, which includes instructions for addressing sales tax charges on cardholder purchases. This *CSB Guidance* was not in place for the FY 2022 purchases that we reviewed for this audit. OMB Circular A-123, Appendix B, states that centrally billed account charge cards are directly billed to the federal government and are exempt from sales tax in every state. For its FY 2022 transactions, the CSB reported more than \$800 in sales tax improper payments that it could not recover. Charge cardholders have access to sales tax exemption forms that they can provide to vendors during the initial research and negotiation of purchases. However, not all vendors honor the sales tax exemption for the federal government. The CSB issued the *CSB Guidance* to establish instructions for requestors, cardholders, and charge card managers. The *CSB Guidance* requires charge cardholders to ensure that vendors do not include any taxes in the cardholders' purchases.

The CSB did not always maintain complete file documentation in support of its charge card transactions. For example, the CSB's charge cardholders did not always include proof of service provided or goods received in their supporting documentation for the charge card transactions that we reviewed.

Appendix B to OMB Circular A-123 states that agency policy should require cardholder "self-generated purchases" to have independent receipt and acceptance by an employee other than the charge cardholder. If, in extenuating circumstances, this is not possible, the charge cardholder should document the reason that the receipt and acceptance were not included in the charge card file. The *CSB Guidance* requires charge cardholders to save any proof of the receipt for service or items.

The *CSB Guidance* addressed some of our FY 2022 findings, including sales tax and file documentation requirements. As a result, we are not making any recommendations related to these findings. However, the *CSB Guidance* does not address all the deficiencies discussed in this report, such as the CSB's charge card management plan, risk profile, use of third-party payment providers, and monitoring of training for charge cardholders.

The CSB Needs to Improve Written Guidance for Key Program Operations

The CSB needs to improve its written guidance, the *CSB Guidance*, to address updates made to its charge card management plan and risk profile. It also needs to provide guidance for third-party payment providers and requirements for monitoring required training. The deficiencies related to these recommendations occurred because the CSB primarily relied on its interagency agreement with the BFS, institutional knowledge, and verbal communication to manage various aspects of its program operations. For example, the CSB charge card staff members we interviewed stated that they relied on BFS email notifications for training reminders and guidance on how to handle third-party payment providers. In addition, deficiencies in the CSB's charge card management plan and risk profile occurred because program officials did not adhere to the requirements of Appendix B and instead relied on staff's institutional knowledge. The CSB also used verbal communication and institutional knowledge to convey what actions cardholders were to take when negotiating and executing charge card purchases. Charge card program coordinators told us that they consulted the approving official who possessed the knowledge that they sought when they needed to know what steps to take regarding various aspects of the charge card program. The Agency organization program coordinators added that the CSB verbally communicated institutional knowledge related to the charge card program and processes. One charge cardholder told us that the cardholder would ask program leads when the cardholder had questions about what to do. OMB Circular A-123, Appendix B, requires agencies to establish and monitor controls that provide annual assurance of proper charge card use. The two CSB program coordinators within the charge card program stated they were not aware of this guidance.

Conclusions

If the CSB does not improve its efforts to meet the charge card program requirements, deficiencies in the CSB's charge card operations and noncompliance with charge card program requirements could increase the CSB's risk for unauthorized purchases and improper payments. The GAO's *Standards for Internal Control in the Federal Government* states that management is responsible for designing the policies and procedures that fit an entity's circumstances and making them an integral part of the entity's operations. Without improvements in its charge card program, the CSB is at risk of having ineffective controls that could adversely affect its charge card program and potentially result in fraud, waste, and abuse of charge cards.

Although we assessed the CSB's risk of unauthorized purchases as low, the CSB should improve its oversight and management of the charge card program by strengthening controls related to formal guidance and monitoring and fully complying with federal requirements. In FY 2023, the CSB issued internal guidance, the *CSB Guidance*, for its charge card program. The *CSB Guidance* addressed our findings relating to vendors charging sales taxes and cardholders providing file documentation for proof of purchase; however, the CSB needs to update the *CSB Guidance* to address the use of third-party payment providers and the monitoring of staff training. In addition, the CSB needs to update both its charge card management plan and risk profile to meet the requirements of Appendix B to OMB Circular A-123.

While the CSB has demonstrated its attention to improvement by issuing the *CSB Guidance* for its charge card program, it should take additional measures to address gaps in operations and adherence to applicable requirements. By implementing controls related to our findings, the CSB can further reduce the risk of adverse effects on the program and fraud and misuse of charge cards.

Recommendations

We recommend that the chairperson of the Chemical Safety and Hazard Investigation Board:

1. Update the CSB's charge card management plan to include the required elements listed in Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix B, "A Risk Management Framework for Government Charge Card Programs," dated August 27, 2019. At a minimum, the charge card management plan should include narratives for each element, be clear and fully explained, and be available to all charge cardholders and program officials.
2. Update the CSB's risk profile to include all required components listed in Office of Management and Budget Circular A-123 as the circular relates to the charge card program.
3. Update the *CSB Government Purchase Card Guidance*, dated October 2022, to include:
 - a. Instructions for and controls over charge cardholders' use of third-party payment providers for authorized transactions.
 - b. Requirements for monitoring the completion of all required charge card training courses in accordance with the schedule in Appendix B to Office of Management and Budget Circular A-123.
 - c. References to revisions of the charge card management plan and risk profile as detailed in Recommendations 1 and 2.
4. Require training of and compliance with the updated *CSB Government Purchase Card Guidance* to help ensure that the CSB is compliant with Appendix B to Office of Management and Budget Circular A-123.

CSB Response and OIG Assessment

The CSB agreed with our recommendations and stated that it has taken steps to develop several internal controls that address the CSB's compliance with its charge card program. Appendix A includes the CSB's complete response to our draft report. In a separate email, the CSB provided its *Purchase Card Correction Action Plan*, completed July 31, 2023; updated charge card management plan and risk profile; training certificates; and charge card training presentation.

For Recommendation 1, the CSB updated its charge card management plan to include all required elements of Appendix B to Office of Management and Budget Circular A-123. For Recommendation 2, the CSB updated its risk profile for its charge card program to include components for compliance with the OMB Circular A-123. We believe that these corrective actions meet the intent of our recommendations. Therefore, we consider Recommendations 1 and 2 complete.

For Recommendation 3, the CSB provided a copy of its updated *CSB Government Purchase Card Guidance*, for FY 2023, to demonstrate that it had made the changes noted in our recommendation to address third-party payment providers, monitoring of training, and references to its charge card management plan and risk profile. We believe that the planned corrective actions meet the intent of our recommendation. Therefore, we consider this recommendation complete.

For Recommendation 4, the CSB provided documentation of holding a training session on its purchase card program on July 6, 2023. The CSB provided us with training certificates and a PowerPoint presentation. The training documentation addressed the updated CSB guidance as requested in our recommendation. We believe that the planned corrective actions meet the intent of our recommendation. Therefore, we consider this recommendation complete.

Status of Recommendations

Rec. No.	Page No.	Recommendation	Status*	Action Official	Planned Completion Date
1	10	Update the CSB's charge card management plan to include the required elements listed in Office of Management and Budget Circular A-123, <i>Management's Responsibility for Enterprise Risk Management and Internal Control</i> , Appendix B, "A Risk Management Framework for Government Charge Card Programs," dated August 27, 2019. At a minimum, the charge card management plan should include narratives for each element, be clear and fully explained, and be available to all charge cardholders and program officials.	C	Chairperson, Chemical Safety and Hazard Investigation Board	7/31/23
2	10	Update the CSB's risk profile to include all required components listed in Office of Management and Budget Circular A-123, <i>Management's Responsibility for Enterprise Risk Management and Internal Control</i> , dated July 15, 2016, as it relates to the charge card program.	C	Chairperson, Chemical Safety and Hazard Investigation Board	7/31/23
3	10	Update the <i>CSB Government Purchase Card Guidance</i> , dated October 2022, to include: <ol style="list-style-type: none"> a. Instructions for and controls over charge cardholders' use of third-party payment providers for authorized transactions. b. Requirements for monitoring the completion of all required charge card training courses in accordance with the schedule in Appendix B to Office of Management and Budget Circular A-123. c. References to revisions of the charge card management plan and risk profile as detailed in Recommendations 1 and 2. 	C	Chairperson, Chemical Safety and Hazard Investigation Board	9/25/23
4	10	Require training of and compliance with the updated <i>CSB Government Purchase Card Guidance</i> , to help ensure that the CSB is compliant with Appendix B to Office of Management and Budget Circular A-123.	C	Chairperson, Chemical Safety and Hazard Investigation Board	9/25/23

* C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

Agency Response to Draft Report

**U.S. Chemical Safety and
Hazard Investigation Board**

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Steve Owens
Chairperson

Sylvia E. Johnson, Ph.D. Board Member

Catherine J.K. Sandoval
Board Member



August 28, 2023

Gloria Taylor-Upshaw Office of Audit
Office of Inspector General
U.S. Environmental Protection Agency
Washington, DC 20004

Dear Ms. Taylor-Upshaw:

Thank you for providing the Chemical Safety and Hazard Investigation Board (CSB) with the Environmental Protection Agency Office of Inspector General (OIG) draft report entitled, *The CSB Needs to Improve controls over Its Charge Card Program and Comply with Federal Requirements* (Project No. OA-FY23- 0040), which addresses the effectiveness of the CSB’s oversight of its fiscal year 2022 charge card program and the risk of any illegal, improper, or erroneous purchases and payments. The CSB appreciates the opportunity to provide a response.

Although the OIG has determined that the CSB is at low risk of illegal, improper, or erroneous purchases and payments, the OIG’s report recommends that the CSB “update its charge card management plan and risk profile to include all the required elements; update its Government Purchase Card Guidance, dated October 2022, to include instructions for using third-party payment providers and requirements for monitoring the completion of all required charge card training courses; and require training on compliance with its updated guidance to ensure that the CSB complies with Appendix B to OMB Circular A-123.”

The CSB agrees with the OIG’s recommendation and already has been taking the steps recommended in the OIG’s report. The CSB has developed several internal controls to ensure that the agency is in full compliance with the charge card program.

In July 2023 the CSB updated the agency’s charge card management plan to include the required elements listed in the Office of Management and Budget Circular A-123, Appendix B, “A Risk Management Framework for Government Charge Card Programs,” dated August 27, 2019.

Additionally, in June 2023 the CSB updated its risk profile to include all required components listed in OMB's Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, issued July 15, 2016, in relation to the charge card program.

Moreover, in July, the CSB updated the agency's internal Government Purchase Card Guidance, dated October 2022, and the agency provided training to all employees who are Government Purchase Card (GPC) holders, to ensure that the CSB is following the refreshed CSB Government Purchase Card Guidance, instead of relying on institutional knowledge, and ensure that the CSB is compliant with Appendix B to Office of Management and Budget Circular A-123.

Finally, the CSB's Office of Financial Operations will conduct annual refresher training for employees who are GPC holders.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Owens", with a stylized flourish at the end.

Steve Owens
Chairperson

Distribution

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