



OFFICE OF
INSPECTOR GENERAL

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

MEMORANDUM

March 27, 2017

TO: Michael S. Piwowar, Acting Chairman

FROM: Carl W. Hoecker, Inspector General 

SUBJECT: *Results of Inspector General's Fiscal Year 2016 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 2016. 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 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.

As a result of our assessment, we have 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 2017.

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 2016, 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 Agency/Organization Program Coordinator. If you have questions or require additional information, please contact Carrie Fleming, Audit Manager, at flemingca@sec.gov or Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects, at sharekr@sec.gov. You can obtain additional information about the SEC Office of Inspector General at http://www.sec.gov/about/offices/inspector_general.shtml.

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