Federal Housing Finance Agency
Office of Inspector General

Risk Assessment of FHFA's Charge Card Programs April 1, 2025 – March 31, 2026

Risk Assessment • OIG-RA-2026-001 • September 9, 2026

EXECUTIVE SUMMARY

PURPOSE

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires our office to conduct periodic risk assessments of Federal Housing Finance Agency's (FHFA or Agency) charge card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments.

We conducted a risk assessment of FHFA's charge card programs, covering both purchase cards and travel cards for the period from April 1, 2025, through March 31, 2026 (assessment period) to determine scope, frequency, and number of audits of FHFA's charge card programs to perform.

RESULTS

We concluded that the risk of illegal, improper, or erroneous purchases and payments through FHFA's charge card programs was low during the assessment period. The assessment of low risk for the purchase card and travel card programs was consistent with our previous risk assessment for the period of April 1, 2023, through March 31, 2024. During this assessment period, FHFA significantly reduced spending under its purchase card and travel card programs to comply with Executive Order 14222, *Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative* (February 26, 2025). FHFA also implemented corrective actions for recommendations in our fiscal year 2023 management advisory, which improved key control objectives for travel cards related to timely payments and handling of previous audit recommendations. Based on these factors and our assessment work, we determined that an audit of these programs is not warranted at this time.

Although the overall risk is low in FHFA's purchase card and travel card programs, it is important to note that this period's assessment of low risk does not imply that these risk levels will remain constant indefinitely. Existing internal controls could become inadequate due to changing conditions or a variation in compliance with applicable policies or procedures, or both.

This report was prepared by Jim Lisle, Audit Director; Marco Uribe, Auditor-in-Charge; and Jianxun Pan, Auditor; with assistance from Abdil Salah, Assistant Inspector General for Audits. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report. This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, www.fhfaoig.gov, and www.oversight.gov.

James Hodge
Deputy Inspector General for Audits /s/

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ABBREVIATIONS

ARC	Department of the Treasury, Bureau of the Fiscal Service's Administrative Resource Center
Charge Card Act	Government Charge Card Abuse Prevention Act of 2012
COSO	Committee of Sponsoring Organizations of the Treadway Commission
FHFA or Agency	Federal Housing Finance Agency
Fiscal Services	Bureau of the Fiscal Service
GAO	Government Accountability Office
OCFO	Office of the Chief Financial Officer
OIG	Federal Housing Finance Agency Office of Inspector General
OMB	Office of Management and Budget
OMB A-123	OMB Circular No. A-123, Appendix B (Revised August 27, 2019), *A Risk Management Framework for Government Charge Card Programs*
TCSC	Treasury Common Services Center
Treasury	Department of the Treasury

BACKGROUND

The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal control over charge cards and convenience checks, if any. The act also requires Inspectors General to conduct periodic risk assessments of agency charge card or convenience check programs, or both, to identify and analyze the risks of illegal, improper, or erroneous purchases and payments to determine the scope, frequency, and number of periodic audits of the programs.

Office of Management and Budget (OMB) Circular No. A-123, Appendix B (Revised August 27, 2019), *A Risk Management Framework for Government Charge Card Programs* (OMB A-123) implements requirements of the Charge Card Act and consolidates government-wide charge card program management requirements and guidance issued by OMB, the Government Accountability Office (GAO), the General Services Administration, Department of the Treasury (Treasury), and other federal agencies. This guidance establishes standard minimum requirements and best practices for government charge card programs that may be supplemented by individual agency policies and procedures.

FHFA Office Responsible for Managing Charge Card Programs

Within FHFA, the Office of the Chief Financial Officer (OCFO) administers the Agency's charge card programs. This office ensures that FHFA's purchase cards and travel cards comply with the Charge Card Act[1] and OMB A-123 requirements.[2]

FHFA uses Treasury's Bureau of the Fiscal Service's (Fiscal Services) Administrative Resource Center (ARC) and Treasury Common Services Center (TCSC) for services related to the Agency's charge card programs. ARC and TCSC assist FHFA in managing its purchase cards and travel cards.

Since ARC's annual review of FHFA's purchase card program covers the period April through March each year, we used this as our risk assessment period. There were 20 purchase cards and 125 travel cards that were active during the risk assessment period. The Agency does not use convenience checks. FHFA's purchase card and travel card expenditures were $580,015 and $635,636, respectively, during the risk assessment period.[3] This represented a significant

[1] Public Law No. 112-194.

[2] OMB A-123, Appendix B (Revised Aug. 27, 2019), *A Risk Management Framework for Government Charge Card Programs*.

[3] Historically, FHFA's annual travel card transactions have remained well below the $10 million threshold that requires periodic audits, and this trend continued during the assessment period.

decrease in spending from our prior risk assessment period.[4] **Table 1** provides a comparison of the risk assessment period charge card program spending to the prior risk assessment period.

TABLE 1. FHFA CHARGE CARD PROGRAM SPENDING COMPARISON

Program	Expenditures for Current Risk Assessment Period	Expenditures for Prior Risk Assessment Period	Change	Percent Change
Purchase Card	$580,015	$1,074,607	($494,592)	-46%
Travel Card	$635,636	$1,113,819	($478,183)	-43%

OCFO officials told us that FHFA charge card programs' activities declined due to changes made to comply with Executive Order 14222, *Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative* (February 26, 2025). The Executive Order required executive agencies to review discretionary spending and strengthen oversight of contracts, grants, loans and other expenditures to improve cost efficiency. OCFO officials stated that, in response to the Executive Order, FHFA reduced the number of purchase cardholders, retaining only a limited number of cards in OCFO.[5] Officials also noted that stricter approval processes for travel and expense reimbursements were implemented. In addition, travel card activity was primarily limited to examination-related travel, resulting in significant reduction in travel transactions.[6]

FHFA's Charge Card Management Plan

As required by OMB A-123, FHFA developed and maintained a Charge Card Management Plan that includes the following elements:

- Identification of key management officials and their responsibilities for the charge card programs;
- A process for written appointment of purchase and integrated (purchase-business-line) cardholders;
- A process to ensure the creditworthiness of new charge card applicants;
- Description of agency training requirements;

[4] Our previous FHFA Charge Card Risk Assessment covered the period from April 1, 2023, through March 31, 2024.

[5] By the end of the assessment period (March 31, 2026), the number of active purchase cardholders had decreased to four.

[6] By the end of our assessment period, the number of active travel cardholders was 118.

- Management controls, policies, and practices for ensuring appropriate charge card use and oversight of fraud, misuse, or abuse;
- Authorization controls;
- Acknowledgment of agency policies and practices developed to ensure appropriate consideration by cardholders;
- 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;
- Documentation and record retention requirements consistent with the National Archives and Records Administration and agency-specific policies; and
- 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.

Prior Risk Assessment of FHFA's Charge Card Programs and Management Advisory

We conducted our last risk assessment of FHFA's charge card programs covering the period of April 1, 2023, to March 31, 2024. We reported that the risk of illegal, improper, or erroneous purchases and payments through FHFA's purchase cards and travel cards was low, and that audits of these programs were not warranted. However, FHFA had not fully implemented planned corrective actions for four recommendations to address deficiencies in FHFA's travel card program that were made in our fiscal year 2023 management advisory.[7] During this assessment period, we verified that FHFA completed implementation of these corrective actions (see Travel Card Program Results below).

Risk Assessment Approach

To conduct our risk assessment, we developed a methodology based on the internal control assessment framework issued by Committee of Sponsoring Organizations of the Treadway

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[7] *See* OIG, Deficiencies in FHFA's Travel Program From April 1, 2022, Through March 31, 2023 (Sept. 28, 2023) (OIG-2023-001). We recommended that FHFA management: (1) reinforce FHFA's Travel Policy and Federal Travel Regulation requirements to employees and approving officials through ongoing training and periodic reminders of responsibilities; (2) ensure that employees submit travel vouchers within five working days after completing their travel; (3) ensure that employees are aware and periodically reminded that the travel cards must be used for all official travel expenses; and (4) ensure that approving officials approve travel reimbursements within five calendar days of receipt of the voucher in the Agency's electronic travel system.

Commission (COSO).[8] We identified key purchase card and travel card control objectives using the criteria identified in the Charge Card Act,[9] OMB A-123, Appendix B,[10] and the Federal Travel Regulation.[11] FHFA's Charge Card Management Plan, Micro-Purchase Procedures and Supplemental Purchase Cardholder Guidance, Purchase Charge Card Procedures, and Travel Policy contain additional criteria for control objectives specific to the charge card programs.

We assigned a risk rating to each control objective based on (1) the impact that a risk event may pose to the control objectives of the purchase cards and travel cards, and (2) the likelihood that the risk event may occur. The combined risks of impact and likelihood determine the overall risk to the purchase card and travel card programs. **Table 2** provides a heat map of impact and likelihood risk levels, and **Table 3** provides the definitions of risk impact and risk likelihood for the respective ratings.

TABLE 2. HEAT MAP OF IMPACT AND LIKELIHOOD RISK LEVELS

		IMPACT				
LIKELIHOOD		**Incidental**	**Minor**	**Moderate**	**Major**	**Extreme**
	Almost Certain (90 to 100 percent)	Moderate	High	High	Very High	Very High
	Likely (65 to 90 percent)	Low	Moderate	High	High	Very High
	Possible (35 to 65 percent)	Low	Moderate	Moderate	High	High
	Unlikely (10 to 35 percent)	Low	Low	Moderate	Moderate	High
	Rare (0 to 10 percent)	Very Low	Low	Low	Low	Moderate

[8] To develop the risk assessment methodology, we followed an industry standard presented in a research paper, which was commissioned by COSO, "Risk Assessment in Practice," by Deloitte & Touche, LLP (October 2012).

[9] Public Law No. 112-194.

[10] OMB A-123, Appendix B (Revised Aug. 27, 2019), *A Risk Management Framework for Government Charge Card Programs*.

[11] *Federal Travel Regulation* (41 C.F.R. Chapters 300-304).

TABLE 3. DEFINITIONS OF RISK IMPACT AND RISK LIKELIHOOD

Impact Level	Risk Impact	Likelihood Level	Risk Likelihood
Extreme	Impact of risk event to key control objective is severe as to require immediate management intervention.	Almost Certain	Risk event is almost certain to occur; likelihood of occurrence is 90 percent up to 100 percent.
Major	Impact of risk event to key control objective is major as to require immediate escalation to or intervention by management.	Likely	Risk event is likely to occur; likelihood of occurrence is 65 percent up to 90 percent.
Moderate	Impact of risk event to key control objective is moderate, but material.	Possible	Risk event is possible to occur; likelihood of occurrence is 35 percent up to 65 percent.
Minor	Impact of risk event to key control objective is minor.	Unlikely	Risk event is unlikely to occur; likelihood of occurrence is 10 percent up to 35 percent.
Incidental	Impact of risk event to key control objective is negligible.	Rare	Risk event is highly unlikely to occur; likelihood of occurrence is zero to less than 10 percent.

Source: OIG prepared definitions based on COSO, "Risk Assessment in Practice," Deloitte & Touche, LLP (October 2012)

To assess the overall risk to the Agency's purchase cards and travel cards, we grouped and prioritized key control objectives by assigning greater weight to those objectives where a risk event could result in potential disruption of charge card management or improper payment being made if the control objective is not achieved. FHFA's overall risk rating for each control objective is based on the aggregate of the risk impact and risk likelihood.

OBJECTIVE AND SCOPE ....

The objective of our risk assessment was to determine scope, frequency, and number of audits of FHFA's charge card programs, as appropriate. The scope of the risk assessment focused on FHFA's charge card programs for the period April 1, 2025, through March 31, 2026.

For details on methodology see Appendix I.

RESULTS ....

Purchase Card Program Results

Purchase cards are the preferred procurement method for acquiring goods and services. Cardholders are assigned to OCFO. Each Agency purchase card is centrally billed, has a single transaction limit, and an account credit limit. Each purchase cardholder has an approving official who is responsible for approving payments.

We determined the overall risk of illegal, improper, or erroneous purchase and payments for the Agency's purchase card program was low. The overall determination is consistent with our prior year risk assessment. **Table 4** presents the overall risk levels and rating of key control objectives for FHFA's purchase cards.

TABLE 4. RISK LEVELS FOR PURCHASE CARD PROGRAM

Key Control Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Rating
Policies and procedures for purchase cards exist	50 percent	Incidental	Unlikely	Low
Card transactions were assessed regularly		Minor	Rare	Low
Suspicious card transactions (i.e., improper purchases) did not exist		Moderate	Rare	Low
Number of card transactions were not excessive		Moderate	Rare	Low
Inactive card accounts were not excessive		Minor	Rare	Low
Cardholders who were not FHFA employees did not exist		Minor	Rare	Low
Ratio of cardholders to approving officials was low		Minor	Rare	Low
Reportable card misuse requiring administrative or disciplinary actions did not exist		Moderate	Rare	Low
Corrective actions from reviews were implemented	30 percent	Minor	Rare	Low
Previous audit recommendations were addressed		Minor	Rare	Low
Cardholder training policies existed	20 percent	Incidental	Rare	Very Low
Cardholders and approving officials received mandatory training		Major	Rare	Low

Source: OIG assessment of risks to purchase card control objectives.

Travel Card Program Results

FHFA provides travel cards to some employees (frequent travelers) who expect to incur official travel expenses such as transportation and lodging. FHFA's travel cards are centrally billed and individually billed. All travel cards' individually billed accounts must be paid by the cardholder. All travel costs must be estimated, authorized, and obligated before an employee begins official travel. Subsequently, employees submit a voucher detailing the actual costs for reimbursement to request payment, either directly to the travel card or to the traveler if charges were paid by the traveler.

We determined that overall risk of illegal, improper, or erroneous purchases and payments for the Agency's travel card program was low. The overall determination is consistent with our prior year risk assessment. We also verified that FHFA implemented corrective actions for recommendations made in our fiscal year 2023 management advisory, which improved timeliness of travel voucher submissions and approvals. Improvements were reflected in Risk Ratings for Key Control Objectives related to timely payments on accounts and addressing previous audit recommendations (i.e., changed from Moderate to Low Risk since our previous risk assessment). **Table 5** presents the overall risk levels and rating of key control objectives for FHFA's travel cards.

TABLE 5. RISK LEVELS FOR TRAVEL CARD PROGRAM

Key Control Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Rating
Policies and procedures for travel cards exist	50 percent	Incidental	Unlikely	Low
Policy for employee separation and required travel card return exist		Minor	Rare	Low
Policies for travel authorization and approval exist		Minor	Rare	Low
Suspicious card transactions (i.e., improper purchases) did not exist		Minor	Rare	Low
Number of individual billed account cardholders was not excessive		Minor	Rare	Low
Payments on accounts were timely		Moderate	Rare	Low
Reportable card misuse requiring administrative or disciplinary actions did not exist		Minor	Rare	Low
Previous audit recommendations were addressed	30 percent	Minor	Unlikely	Low
Cardholder training policies exist	20 percent	Incidental	Rare	Very Low
Cardholders, approving officials, and agency/ organization program coordinators received mandatory training		Incidental	Rare	Very Low

Source: OIG assessment of risks to travel card control objectives.

CONCLUSION

We concluded that the risk of illegal, improper, or erroneous purchases and payments through FHFA's charge card programs was low during the period from April 1, 2025, through March 31, 2026. As such, we determined that an audit of these programs is not warranted at this time.

FHFA COMMENTS AND OIG EVALUATION

We provided FHFA an opportunity to comment on a draft of this report. FHFA management did not provide any technical comments and chose not to provide a written management response.

APPENDIX I: METHODOLOGY..

To accomplish our objective, we performed the following procedures:

- Reviewed the Charge Card Act and related OMB A-123 requirements applicable to FHFA's charge card programs.
- Reviewed FHFA's Micro-Purchase Procedures and Supplemental Purchase Cardholder Guidance, Purchase Charge Card Procedures, and Travel Policy requirements applicable to FHFA's charge card programs.
- Reviewed FHFA's 2025 Federal Managers' Financial Integrity Act of 1982 Statement of Assurance to determine whether it noted any weaknesses in internal controls over FHFA's purchase and travel cards.
- Made inquiries of GAO's staff to determine whether the scope and results of its audit of FHFA's 2025 financial statements were relevant to our risk assessment.
- Reviewed FHFA's 2026 Charge Card Management Plan and the Agency's Risk Profile for charge card risk to determine whether it addresses the applicable requirements of the Charge Card Act and OMB A-123, Appendix B.
- Reviewed FHFA's charge card program training materials and training certificates to determine whether FHFA provided training to cardholders and approving officials in accordance with the requirements of OMB A-123.
- Reviewed FHFA's purchase card transaction records and assessed whether contract actions above the micro-purchase threshold that use the charge card as a method of payment were reported to the General Services Administration's Center for Charge Card Management in accordance with OMB A-123 requirements.
- Reviewed FHFA's charge card reporting to determine the number of purchase and travel cards, the ratio of purchase cardholders to approving officials, the dollar amount of purchase and travel card transactions during the risk assessment period, and whether there were any reported violations or disciplinary actions for FHFA purchase or travel cards.
- Determined whether FHFA maintained OMB A-123 required narrative reporting of performance metric data for its own use and management of its charge card programs.
- Gained an understanding of FHFA charge card program compliance testing performed by Fiscal Services (annual purchase card compliance testing) and ARC (monthly travel card

post payment compliance testing) during the assessment period. Reviewed all Fiscal Services and ARC reports of charge card programs compliance testing results and compared the results with prior risk assessments to assess whether the results were indicative of an elevated level of risk.

- Reviewed FHFA's weekly declined purchase card transaction reports and the Agency's following up on declined purchase card transactions to determine whether they represented attempts at misuse.

- Reviewed the Monthly Delinquency Travel Card Reports provided by TCSC for all months in the assessment period. Calculated the travel card delinquency rate by dividing the total dollar value of delinquent vouchers by the total dollar value of all travel vouchers processed during the assessment period and assessed the trends in the delinquency rate by comparing the calculated rate to the delinquency rates from the prior risk assessment period. Also reviewed Monthly Delinquency Travel Card Reports for seriously or repetitively delinquent accounts along with documentation related to FHFA's process for following up on delinquent travel card accounts.

- Reviewed an FHFA prepared spreadsheet of travel vouchers submitted during the assessment period to determine whether (1) travel vouchers were being submitted and approved in accordance with the time constraints established in FHFA's Travel Policy, and (2) corrective actions for deficiencies identified in prior risk assessment have been fully implemented.

- Assessed the key control objectives for the Agency's charge card programs using a methodology based on the internal control assessment framework issued by COSO to identify potential risk events but not for the purpose of concluding on the design and effectiveness of controls as this was not an audit. As such, audit procedures such as requesting and analyzing documentation to support purchase card and travel transactions and other testing procedures were not performed.

- We conducted this risk assessment from April 2026 through September 2026.

Federal Housing Finance Agency
Office of Inspector General

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