



OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF THE INTER-AMERICAN FOUNDATION'S FISCAL YEAR 2015 GOVERNMENT CHARGE CARD PROGRAMS

ASSESSMENT REPORT NO. 0-IAF-16-007-S
August 31, 2016

WASHINGTON, D.C.



Office of Inspector General

August 31, 2016

MEMORANDUM

TO: Chief Operating Officer, Lesley Duncan

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/

SUBJECT: Assessment of the Inter-American Foundation's Fiscal Year 2015 Government Charge Card Program (Assessment Report No. 0-IAF-16-007-S)

This memorandum transmits our final report on the subject assessment. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix II.

The assessment report does not have any recommendations, and your office is not required to take any additional action to address the results.

Thank you and your staff for the cooperation and assistance extended to us during this effort.

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ASSESSMENT RESULTS

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), USAID's Office Inspector General (OIG) is required to conduct periodic risk assessments of the Inter-American Foundation's (IAF) purchase card,¹ travel card,² centrally billed account,³ and convenience check programs to analyze the risks of illegal, improper, or erroneous purchases and payments. Based on the results of the risk assessment, the OIG must then determine the scope, frequency, and number of periodic audits or reviews of government charge card programs.

Additionally, per the Charge Card Act, inspectors general are required to conduct periodic audits or reviews of travel programs of their respective agencies with more than \$10 million in travel card spending.

The objective of this risk assessment was to determine the level of risk of illegal, improper, or erroneous purchases and payments in IAF's government charge card programs. We assessed the level of risk as low for the following reasons.

- Based on our understanding of the policies and procedures IAF management has implemented to issue charge cards, monitor spending, and comply with the reporting requirements of the Charge Card Act in effect during fiscal year (FY) 2015, we found the required controls to be in place and effective.
- Our review of IAF's charge card management plan for FY 2015 found that it was submitted in accordance with the Office of Management and Budget (OMB) memorandum.
- No open recommendations or any recommendations closed in FY 2015 were related to government charge card programs.
- Data on the amount of funds spent in FY 2015 showed that IAF did not exceed the \$10 million threshold, which would have triggered an automatic OIG review or audit of the travel card program.

We evaluated the data in the following table to assess the risk level associated with IAF's charge card programs and determine whether IAF exceeded the \$10 million travel card spending threshold.

¹ IAF issues purchase cards through the General Services Administration's SmartPay program, in which the foundation contracts with a commercial bank to provide purchase card services.

² IAF uses travel charge cards. The travel charge cards can only be used for authorized travel and related expenses such as transportation, lodging, and meals.

³ The IAF centrally billed account is used mainly to charge expenses for airline tickets for employees on official travel directly to IAF for payment.

Government Charge Card Data

Category	Purchase Cards	Travel Cards	Centrally Billed Account	Convenience Checks
FY 2015 dollar value of transactions	\$99,800	\$150,300	\$107,200	\$38
FY 2015 number of transactions	250	282	126	1
FY 2015 number of cardholders	3	36	N/A	N/A

Source: Citibank Custom Reports System

Using our assessment, we decided not to conduct an audit or review of IAF's government charge card programs at this time. After the close of the fiscal year, we will perform a risk assessment of the FY 2016 transactions and at that time will reevaluate whether to perform an audit of IAF's government charge cards.

EVALUATION OF MANAGEMENT COMMENTS

We received IAF's management comments on our draft report. Management expressed their appreciation for the assessment and noted that there were no findings or recommendations.

SCOPE AND METHODOLOGY

Scope

We conducted this assessment following internally established OIG policies that govern the planning, conducting, and reporting of this work product. Those policies require that the assessment team be competent and independent, conduct its work using reasonable care and follow established quality control procedures. Those policies also require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our assessment objective. We believe that the evidence obtained provides that reasonable basis.

USAID OIG performed a risk assessment of IAF's government charge card programs from October 1, 2014, through September 30, 2015, to determine whether to conduct an audit or review of the programs. The risk assessment was conducted at USAID OIG and IAF offices in Washington, D.C., from October 1, 2015, to March 31, 2016.

Methodology

To conduct the risk assessment, we did the following:

- Interviewed IAF staff to gain an understanding of the policies and procedures management has implemented to issue charge cards, monitor spending, and comply with the reporting requirements of the Charge Card Act.
- Reviewed the Charge Card Act, OMB Memorandum M-13-21, and other laws and regulations.
- Reviewed policies and procedures in effect during FY 2015 to determine whether any controls might have been ineffective or not implemented.
- Determined the number of government charge cards issued to IAF employees and the number of centrally billed accounts in FY 2015.
- Obtained and reviewed travel card, purchase card, and centrally billed account transaction data for FY 2015.
- Obtained and reviewed IAF travel card dollar value spending data used for FY 2015 to establish whether USAID OIG will conduct an audit or review of IAF's travel card program, as inspectors general are required to conduct periodic audits or reviews of travel programs of their respective agencies with more than \$10 million in travel card spending.
- Obtained and reviewed FY 2015 charge card management plan.
- Inquired about any open recommendations or recommendations that were closed in FY 2015 related to government charge card programs.
- Assessed risk exposure—the likelihood of illegal, improper, or erroneous purchases and payments.

MANAGEMENT COMMENTS



Inter-American Foundation
An Independent Agency of the U.S. Government

July 20, 2016

Christine Byrne
Principal Deputy Assistant Inspector General for Audits
U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, D.C. 20523

Subject: Assessment of the Inter-American Foundation FY2015 Government Charge Card Programs (Assessment Report No. 0-IAF-16-007-S)

Dear Ms. Byrne:

Thank you for the opportunity to respond to the U.S. Agency for International Development Office of Inspector General's report of the Inter-American Foundation FY2015 Government Charge Card Programs (Assessment Report No. 0-IAF-16-007-S).

We appreciate OIG's assessment of our government travel card, purchase card, centrally billed account, and convenience check programs, note that there were no findings or recommendations for action, and thank your staff for their review.

Yours sincerely,

/s/

Lesley Duncan
Chief Operating Officer

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