



OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

USAID's Travel Card Program Complied with the Government Charge Card Abuse Prevention Act in Fiscal Year 2020

AUDIT REPORT 0-000-21-009-C
August 5, 2021

1300 Pennsylvania Avenue NW • Washington, DC 20523
<https://oig.usaid.gov> • 202-712-1150

The Office of Inspector General provides independent oversight that promotes the efficiency, effectiveness, and integrity of foreign assistance provided through the entities under OIG's jurisdiction: the U.S. Agency for International Development, Millennium Challenge Corporation, U.S. African Development Foundation, and Inter-American Foundation.

Report waste, fraud, and abuse

USAID OIG Hotline

Email: ighotline@usaid.gov

Complaint form: <https://oig.usaid.gov/complainant-select>

Phone: 202-712-1023 or 800-230-6539

Mail: USAID OIG Hotline, P.O. Box 657, Washington, DC 20044-0657



MEMORANDUM

DATE: August 5, 2021

TO: USAID, Chief Financial Officer, Reginald W. Mitchell

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

SUBJECT: USAID's Travel Card Program Complied with the Government Charge Card Abuse Prevention Act in Fiscal Year 2020 (0-000-21-009-C)

Enclosed is the final report on the audit of USAID's management of its travel card program for fiscal year (FY) 2020. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. Certified Public Accountants and Management Consultants (GKA) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards, the Government Charge Card Abuse Prevention Act (the Act) of 2012 (Public Law 112-194) and the Office of Management and Budget Circular No. A-123, Appendix B, "A Risk Management Framework for Government" (dated August 27, 2019).

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which GKA did not comply, in all material respects, with applicable standards.

The audit objectives were to (1) assess, identify, and analyze the risks of illegal, improper, or erroneous purchases and payments, (2) determine whether USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants, and (3) determine whether government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the Federal Travel Regulation (FTR). To answer the objectives, GKA reviewed, among other things, USAID's policies and procedures, directives, internal controls, and agency actions to address any prior audit recommendations or allegations of misconduct or mismanagement for USAID travel card programs. GKA tested a random sample of 78 out of over 85,000 travel transactions to assess whether each transaction met travel card requirements and to assess whether USAID travel cards complied with applicable laws, regulations, and policies. The audit firm determined that purchases and expenses paid through USAID's travel cards during FY 2020 totaled approximately \$31.2 million.

The audit firm concluded that USAID complied with the requirements of the Act with respect to its travel card program. Additionally, the audit firm concluded that (1) the assessed risks of illegal, improper, or erroneous purchases and payments are low, (2) USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants, and (3) government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the FTR. GKA made no recommendations. USAID informally acknowledged the draft audit report and is not required to take any additional action to address the results.

We appreciate the assistance provided to our staff and GKA's employees during the engagement.



1920 L Street NW, Suite 425
Washington, DC 20036
Tel: 202-857-1777
www.gkacpa.com

**INDEPENDENT AUDITOR'S REPORT
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**AUDIT OF USAID'S MANAGEMENT OF TRAVEL
CARD PROGRAM FOR FISCAL YEAR 2020**



Certified Public Accountants & Consultants *Member of the American Institute of Certified Public Accountants*

May 20, 2021

Chief Financial Officer and Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Audit of USAID's Management of Travel Card Program for Fiscal Year 2020

This report presents the results of GKA, P.C. Certified Public Accountants and Management Consultants, (GKA) independent audit of the United States Agency for International Development's (USAID) Management of Travel Card Program for Fiscal Year 2020.

The USAID Office of Inspector General (OIG) contracted with GKA to conduct this independent performance audit. Our objective is to analyze the risks of illegal, improper or erroneous purchases and payments.

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). We believe that the evidence obtained provides a reasonable basis for our conclusions based on our objectives. Our report contains the audit results and audit approach.

We concluded that USAID complied with the requirements of the Government Charge Card Abuse Prevention Act of 2012 (the Act) with respect to its Travel Card Program.

This report is for the purpose of concluding on the audit objectives described above. Accordingly, this report is not suitable for any other purpose.

We appreciate the assistance we received from the staff of USAID and appreciate the opportunity to serve you.

/S/

Washington, DC

Table of Contents

EXECUTIVE SUMMARY	1
BACKGROUND	3
<i>Government Charge Card Program</i>	3
<i>Charge Card Management Plan</i>	4
AUDIT RESULTS: USAID COMPLIED WITH THE CHARGE CARD ACT	6
APPENDIX A. SCOPE AND METHODOLOGY	7
APPENDIX B. USAID’S (AGENCY) RESPONSE	10
APPENDIX C. ABBREVIATIONS	11

EXECUTIVE SUMMARY

GKA, P.C. (GKA) conducted a performance audit of USAID's management of travel cards for fiscal year 2020, as required by the Government Charge Card Abuse Prevention Act of 2012 (the Act) Public Law 112-194.

In fiscal year 2019, pursuant to the Act 2012 and Office of Management and Budget (OMB) instructions, we completed a risk assessment of USAID's Charge Card programs. As reported, we concluded that based on USAID's internal control and other factors, the risk of illegal, improper, or erroneous purchases and payments through its travel card program was low (See Assessment of USAID's Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2019 (July 31, 2020) (Report Number 0-000-20-010-C).

The objective of this engagement was to analyze risks of illegal, improper or erroneous purchases and payments. The IG of each executive agency with more than \$10 million in travel card spending conduct periodic audits or reviews of travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments. USAID historically exceeds \$10 million in travel card expenses, consequently an audit is warranted.

Consequently, GKA, P.C. (GKA) focused the scope of the audit on the following:

- Assess, identify and analyze the risks of illegal, improper or erroneous purchases and payments;
- Determine whether USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants; and
- Determine whether Government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the Federal Travel Regulations (FTR).

The scope of the audit encompassed transactions occurring in FY 2020, October 1, 2019 to September 30, 2020.

We tested a sample of 78 travel vouchers as part of our audit.

The audit, which was performed from February 2021 through June 2021, was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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. More information on the scope and methodology can be found in **Appendix A**.

We concluded that USAID complied with the requirements of the Act with respect to its Travel Card Program. In addition, we concluded that:

1. The assessed risks of illegal, improper or erroneous purchases and payments are low;
2. USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants; and

3. Government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the FTR.

BACKGROUND

Government Charge Card Program

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (the Act). The Act reinforced efforts to prevent waste, fraud, and abuse of Government-wide purchase card programs. To that end, each executive agency that issues purchase cards, convenience checks, and travel cards must establish and maintain safeguards and internal controls over these programs. The Act mandates that:

- The Inspector General (IG) of each agency conducts periodic risk assessments of the agency purchase card or convenience check programs 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 purchase card or convenience check transactions.
- The IG report to the Director of OMB regarding the implementation of recommendations made to the head of the executive agency to address findings of any risk assessment (or audit) of purchase card and convenience check transactions or programs; and that the Director comply the information and transmit it to Congress and the Comptroller General.
- The IG of each executive agency with more than \$10 million in travel card spending conduct periodic audits or reviews of travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments. Findings of the audits along with recommendations are to be reported to the executive agency, OMB, and Congress.
- Each head of an executive agency with more than \$10 million in purchase card spending annually, and each agency's IG, submit a semiannual report on violations or other actions to the OMB.

The U.S. General Services Administration (GSA) SmartPay¹ programs provide charge cards to U.S. federal agencies, organizations, and Native American tribal governments (agencies), through master contracts negotiated with major national banks. There are currently over 500 agencies holding over 5 million cards participating in the program. The program had spending of \$28.7 billion in FY 2020 on roughly 73.4 million transactions. USAID recorded over 85,000 transactions through travel cards totaling approximately \$31.2 million in FY 2020.

In June 2007, the GSA Office of Charge Card Management (CCM) awarded the GSA SmartPay master contracts to Citibank, JP Morgan Chase (JPMC), and U.S. Bank. Through these contracts, agencies can obtain several different types of charge cards to support their mission needs. These include:

- Purchase Cards – for purchasing general supplies and services.

¹ SmartPay2 and SmartPay3

- Travel Cards – for travel expenses related to official government travel (airline, hotel, meals, and incidentals).
- Fleet Cards – for fuel and supplies for government vehicles.
- Integrated Cards – for two or more business lines (card types) whose processes are integrated into one card: and
- Convenience Checks - instruments that are written, dated and signed against a card/account within established dollar limits.

Charge Card Management Plan

Appendix B to OMB A-123 requires agencies to maintain a Charge Card Management Plan (the Plan) which must include:

- Identification of key management officials and their responsibilities for each business line.
- Establishment of a process for written appointment of purchase and integrated (purchase business line) cardholders per Federal Acquisition Regulation (FAR)-1.603-3(b).
- Implementation of a process to ensure the credit worthiness of new charge card applicants.
- Description of agency training requirements.
- Management controls, policies, and practices for ensuring appropriate charge card and convenience check use and oversight of fraud, misuse and delinquency.
- Establishment of appropriate authorization controls.
- Acknowledgment of agency policies and practices developed to ensure appropriate consideration by cardholders of category management, Acquisition Gateway, and strategic sourcing arrangements.
- Implementation of policies and practices to ensure strategic sourcing.
- Explanation of how available reports and data are used for monitoring delinquency, misuse, performance metrics, spending analysis, and other relevant transactions and program management issues.
- Documentation and record retention requirements.

- 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 different organization.

Agencies are to review and update the Plan, as necessary, to reflect the following internal control activities:

- To prevent an individual from being reimbursed for a bill already paid by the government, Agency officials who approve or settle official travel must verify that charges paid directly by USAID to Citibank are not also reimbursed to an employee or an employee's individually billed account;
- To deter employee misuse of government cards, USAID must implement penalties for card violations that are jointly developed by the agency card management and human resources components. These penalties should include salary offset, for instances of personal liability, and disciplinary actions for a cardholder or approving official's illegal, improper, or erroneous purchases made with a purchase card, convenience check, integrated card, or travel card. Disciplinary actions should include dismissal, as appropriate. The Plan must define and apply appropriate and consistent employee disciplinary procedures, and comply with joint external reporting required of OIG and Agency management; and
- To provide a summary of the agency's efforts to assess its internal controls, USAID must summarize its overall results in completed compliance summaries and internal control assurance assessments in its annual Charge Card Management Plan.

AUDIT RESULTS: USAID COMPLIED WITH THE GOVERNMENT CHARGE CARD ABUSE PREVENTION ACT

In fiscal year 2020, USAID met the criteria for compliance with the Government Charge Card Abuse Prevention Act of 2012 (the Act). We obtained sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

CONCLUSION

Based on the results of our audit, we determined that USAID complied with the requirements of the Act with respect to its Travel Card Program. In addition, we concluded that:

1. The assessed risks of illegal, improper or erroneous purchases and payments are low;
2. USAID's internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants; and
3. Government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the Federal Travel Regulations (FTR).

APPENDIX A. SCOPE AND METHODOLOGY

Our objectives for this audit were based on the requirements of the Government Charge Card Abuse Prevention Act of 2012 (the Act). Specifically, our objectives were to:

- Assess, identify and analyze the risks of illegal, improper or erroneous purchases and payments;
- Determine whether USAID’s internal controls for travel cards were effectively developed and implemented to prevent and detect travel card fraud, misuse, and abuse by program participants; and
- Determine whether Government-issued travel card holders used the travel cards only for purchases allowed by laws and regulations, including the FTR.

To accomplish our audit, we remotely performed procedures at USAID’s Office in Washington, DC. The scope of this engagement focused on the USAID’s Travel Card program and the agency’s compliance with applicable provisions of the Act and covered transactions from October 1, 2019 through September 30, 2020.

- Reviewed the Act and Appendix B to OMB A-123 regarding requirements that apply to the USAID.
- Reviewed USAID’s FMFIA Statement of Assurance for any identified internal control matters related to the travel card program.
- Determined whether USAID maintained a Travel Card Management Plan to understand related policies and procedures.
- Reviewed prior OIG reports and determined whether the agency addressed prior year recommendations, if any.
- Determined whether USAID conducted training for its travel card program; and
- Obtained and reviewed cardholder transaction history for the travel card program with the GSA SmartPay Program. The travel cards are a centrally billed card product managed at the mission level but the activity is part of USAID’s weekly activity review of all accounts in the program.

As noted above, we obtained computer-generated data from GSA’s SmartPay system to obtain cardholder information and travel card transaction data. We assessed the reliability of the SmartPay data by (1) by reconciling the data to USAID transactional reports, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report. We did not test controls over these systems.

We randomly selected a sample of 78 transactions to assess whether each transaction met travel card requirements, specifically, if each sample had the following documents:

- Trip and funding authorization;
- Vouchers and receipts; and
- Other supporting documentation assuring transactions occurred.

To assess whether USAID travel cards complied with applicable laws, regulations and policies, GKA performed the following procedures:

1. Inspected transaction supporting documents such as authorization requests, vouchers, invoices, and receipts;
2. Confirmed all requests were authorized by appropriate personnel (i.e., Supervisors, Finance Office, etc.); and
3. Reconciled amounts listed on supporting documentation to the general ledger.

GKA assessed the eligibility of government travel card holders, transaction approvals and amounts, and proof of payment and receipt. We then reconciled transaction amounts with all associated documentation to ensure compliance with the Act.

For a USAID employee to be eligible to receive and use a government travel card, an employee must participate in and complete a training session which focuses on roles and responsibilities, the proper use of cards, and other applicable rules and regulations, including USAID’s Travel Card Management Plan and the Act.

GKA determined that USAID provided sufficient documentation for all sampled transactions.

The Act and Appendix B of OMB A-123 outline requirements for agencies to help reduce the risk of fraud, waste, and error within government charge card programs. The following table reflects USAID’s compliance with these requirements.

Table 1: Compliance with Charge Card Program Requirements

CHARGE CARD PROGRAM REQUIREMENTS		RESULTS
A	Each agency head must provide an annual certification that the appropriate policies and controls are in place or that corrective actions have been taken to mitigate the risk of fraud and inappropriate charge card practices. The certification should be included as part of, the existing annual assurance statement under the Federal Managers' Financial Integrity Act of 1982.	Yes
B	An agency should summarize the overall results in the completed compliance summaries and internal control assurance assessments in the annual Charge Card Management Plan.	No
C	Maintain annually a Charge Card Management Plan	Yes
D	Maintain written policies and procedures for the appropriate use of charge cards in accordance with the requirements of the Act and Appendix B.	Yes

CHARGE CARD PROGRAM REQUIREMENTS		RESULTS
E	Charge card managers must review their agency's refund agreement in accordance with the requirements of the Charge Card Act and Appendix B.	Yes
F	Charge card managers should conduct internal charge card program reviews on a regular basis to ensure internal control mechanisms are adequate in accordance with the requirements of Appendix B.	Yes
G	Charge card managers should perform periodic reviews of the number of charge card accounts in use for appropriateness of number as well as evaluating the span of control for approving officials in accordance with the requirements of the Act and Appendix B.	Yes
H	Agencies must periodically evaluate the effectiveness of the controls put in place to mitigate the risks of payment delinquencies and charge card misuse in accordance with the requirements of Appendix B.	Yes
I	Promptly resolve implementation of corrective action plans in accordance with the requirements of OMB Circular No. A-50.	N/A
J	Appropriate training is provided to each charge card holder and Approving Official	Yes
Qualitative Risk Assessment		Low (1)

APPENDIX B. USAID’S (AGENCY) RESPONSE

USAID’s Office of the Chief Financial Officer have no comments on the report.

APPENDIX C. ABBREVIATIONS

Act	Government Charge Card Abuse Prevention Act of 2012
AFR	Agency Financial Report
Circular A-123, Appendix B	OMB Circular No. A-123, Appendix B (Revised August 27, 2019) <i>Improving the Management of Government Charge Card Programs</i>
CIGIE	Council of Inspectors General on Integrity and Efficiency
FAR	Federal Acquisition Regulation
FMFIA	Federal Managers' Financial Integrity Act
FTR	Federal Travel Regulation
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GMRA	Government Management Reform Act of 1994
GSA	U.S. General Services Administration
JPMC	JP Morgan Chase
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB Plan	U.S. Office of Management and Budget Charge Card Management Plan
RCO	Regional Contracting Officer
SCO	Mission Supervisory Contracting Officer
USAID	U.S. Agency for International Development