

# OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

## Charge Card Risk Assessment: MCC's Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2023

Report 0-MCC-24-007-C

July 09, 2024





# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** July 09, 2024

**TO:** Millennium Challenge Corporation, Vice President, Department of Administration and Finance and Chief Financial Officer, Fouad Saad

**FROM:** Assistant Inspector General for Audits, Inspections, and Evaluations, Toayoa D. Aldridge /s/

**SUBJECT:** Charge Card Risk Assessment: MCC's Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2023 (0-MCC-24-007-C)

Enclosed is the final report on the risk assessment of the Millennium Challenge Corporation's (MCC) charge card programs for fiscal year (FY) 2023.<sup>1</sup> The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to conduct the assessment. The contract required RMA to perform the assessment in accordance with Public Law 112-194, the Government Charge Card Abuse Prevention Act of 2012 (the Act) and Office of Management and Budget Circular No. A-123, Appendix B, A Risk Management Framework for Government Charge Card Programs, August 27, 2019. In addition, RMA conducted the risk assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation, December 2020.

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

The objective was to assess the risk of illegal, improper, or erroneous purchases and payments. To answer the objective, RMA analyzed and tested MCC's internal controls over its charge card programs for the fiscal year ending September 30, 2023. Charge card disbursements during this period totaled \$3,709,530.92.

The firm concluded that MCC's charge card programs had a low risk of illegal, improper, or erroneous purchases and payments and that the results of the risk assessment did not warrant

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<sup>1</sup> Pursuant to the Pub. L. No. 117-263 § 5274, USAID OIG provides nongovernmental organizations and/or businesses specifically identified in this report 30 days from the date of report publication to submit a written response to USAID OIG. Any comments received will be posted on <https://oig.usaid.gov/>. Please direct inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).

an audit. However, the firm found that MCC did not conduct regular reviews of all purchase card holder statements.

To address the weakness found in the report, we recommend that MCC Department of Administration and Finance and Chief Financial Officer:

**Recommendation I.** Revise MCC Charge Card Program Standard Operating Procedures to prioritize review of purchase card holders with the highest number of transactions or highest spend – commensurate with the risk of potential misuse and fraud, based on MCC Contracts and Grants Management resource constraints.

In finalizing the report, the audit firm evaluated MCC's response to recommendation I. After reviewing that evaluation, we consider recommendation I resolved but open pending completion of planned activities. For recommendation I, please provide evidence of final action to [OIGAuditTracking@usaid.gov](mailto:OIGAuditTracking@usaid.gov).

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

**Millennium Challenge Corporation**

**Risk Assessment of MCC's Charge Card Programs for Fiscal Year 2023  
Final Report  
June 14, 2024**

To the Inspector General  
U.S. Agency for International Development

To the Board of Directors  
Millennium Challenge Corporation

June 14, 2024

RMA Associates, LLC (RMA) conducted a risk assessment of the Millennium Challenge Corporation's (MCC) charge card programs for fiscal year 2023 regarding compliance with the applicable provisions of the Government Charge Card Abuse Prevention Act of 2012.

The objective of the risk assessment was to assess the risks of illegal, improper, and erroneous purchases and payments in MCC's FY 2023 charge card programs.

RMA conducted the risk assessment using the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* guidance (also known as the "Blue Book"). The assessment was conducted under the oversight of the U.S. Agency for International Development's Office of Inspector General.

We concluded the overall risk of illegal, improper, or erroneous purchases and payments through MCC's use of purchase and travel cards during the period of our risk assessment was:

- Low for the purchase card program; and
- Low for the travel card program.

Overall, MCC's charge card programs had a low risk of illegal, improper, or erroneous purchases and payments being made during the period of review. Subsequently, the results of the risk assessment did not warrant an audit.

Respectfully,

*RMA Associates*

RMA Associates, LLC

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## Executive Summary

RMA Associates, LLC (RMA) conducted a risk assessment of the Millennium Challenge Corporation's (MCC) charge card programs for fiscal year (FY) 2023 regarding compliance with the applicable provisions of the [Government Charge Card Abuse Prevention Act of 2012](#) (Charge Card Act). RMA conducted the risk assessment using the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Inspection and Evaluation* guidance (also known as the "[Blue Book](#)"). The assessment was conducted under the oversight of the U.S. Agency for International Development (USAID) Office of Inspector General (OIG).

The objective of the risk assessment was to assess the risks of illegal, improper, and erroneous purchases and payments in MCC's charge card programs for FY 2023.

The scope of the risk assessment encompassed MCC's charge card programs compliance and transactions for the fiscal year ending on September 30, 2023. We tested the design of policies and procedures and selected samples to perform control testing on MCC's charge card programs.

### *What We Concluded*

We concluded the overall risk of illegal, improper, or erroneous purchases and payments through MCC's use of purchase and travel cards during the period of our risk assessment was:

- Low for the purchase card program; and
- Low for the travel card program.

MCC's charge card programs had a low risk of illegal, improper, or erroneous purchases and payments being made through MCC's charge card programs during the period of review. Subsequently, the results of the risk assessment did not warrant an audit. Our overall risk assessment rating is low.

## Background

The Charge Card Act was enacted to prevent fraud, delinquency, or misuse that may exist in a federal agency's charge card program. The Charge Card Act requires the OIG to conduct periodic reviews of the charge card program for illegal, improper, or erroneous transactions. OIGs are required to use these risk assessments to determine the scope, number, and frequency of audits of the federal charge card program.

[Office of Management and Budget \(OMB\) Circular A-123, Appendix B](#)<sup>1</sup> (Appendix B) addresses controls, policies, and practices for government charge card programs; critical tools for ensuring the efficiency and integrity of charge card programs. These controls, policies, and practices are put in place with the intention of reducing payment delinquencies, charge card misuse, fraud, and other

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<sup>1</sup> Reference Appendix B to OMB Circular A-123, *A Risk Management Framework for Government Charge Card Programs*, dated August 27, 2019.

forms of waste and abuse. Appendix B also sets forth general training requirements for charge card program participants. Specifically, all participants must:

- Complete required trainings before being appointed a government charge card;
- Take refresher trainings, at a minimum, every three years, and must certify that they have received the training;
- Understand applicable regulations and procedures; and
- Know the consequences of inappropriate actions.

The U.S. General Services Administration (GSA) SmartPay program provides charge cards to U.S. federal agencies, organizations, and Native American tribal governments (collectively, termed agencies), through master contracts negotiated with major national banks. In June 2007, the GSA Office of Charge Card Management (CCM) awarded the GSA SmartPay master contracts to three U.S. banks. Through these contracts, agencies can obtain different types of charge cards to support their mission needs to include:

- Purchase Cards – for purchasing general supplies and services;
- 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 written, dated, and signed against a card/account within established dollar limits.

During FY 2023, MCC had a combined 311 charge cards between the purchase and travel card programs.<sup>2</sup> MCC's purchase card is the primary means for purchasing requirements valued at or less than the Micro Purchase Threshold, as required by the Federal Acquisition Regulation (FAR).

Additionally, MCC has two types of accounts within its travel card program:

1. Centrally Billed Accounts (CBA) – established by MCC to pay for official purchases, travel, and travel-related expenses. Payments are made directly to the bank by the Interior Business Center (IBC), MCC's accounting service provider; and
2. Individually Billed Accounts (IBA) – issued to MCC employees to pay for official travel and travel-related expenses. Payments are made directly to the bank by the employee.

The MCC Charge Card program is managed by the Agency/Organization Program Coordinator (A/OPC) and Managing Director in the Contract and Grants Management Division (CGM), who coordinates the MCC team, which includes Agency Program Coordinators (APC). Prior to receiving a charge card, cardholders must complete internal and external applications,<sup>3</sup> receive

<sup>2</sup> MCC did not use convenience checks and had an inactive fleet card during FY 2023.

<sup>3</sup> The internal application is the Oracle Access Request Form, MCC's main system of record managed by the Department of the Interior's IBC. The external application is the bank's application.



appropriate designation or nomination from an authorized MCC official, and complete required GSA training. Upon completion, the APC reviews the package to confirm all items are completed, including the necessary approvals. Once the bank processes the application, the APC provides the cardholder with a Delegation Letter. The APC maintains a master file in MCC’s SharePoint Repository of all purchase cardholders, training recertification dates, Approving Officials (AO) and purchase limits.

In FY 2023, MCC’s charge card programs had a low risk of illegal, improper, and erroneous purchases and payments.

## Risk Assessment Results

RMA considered the following factors in our FY 2023 risk assessment of MCC’s charge card programs: (1) program size as a percentage of agency spending; (2) verification of controls in their Charge Card Management Policy; (3) implementation of internal controls; (4) compliance with applicable laws and regulations; and (5) evidence of ongoing investigations or legal proceedings relevant to the programs. We used a scoring methodology to determine the risk for each criterion (**Table 1**).

*Table 1: Risk Scoring Guide*

No.	Criteria	Low	Medium	High
1	Program Size as a Percentage of Agency Spending	< 5%	5-10%	> 10%
2	Charge Card Management Plan/Policy Controls	Submitted complete policy	Submitted an incomplete policy	Did not submit a policy
3	Internal Controls Implemented	Controls implemented	Most controls implemented	Controls not implemented
4	Compliance with Applicable Laws and Regulations	Did not comply with 1-3 criteria	Did not comply with 4-6 criteria	Did not comply with more than 7 criteria
5	Number of Investigations or Legal Proceedings	0	0	1

### *Program Size as a Percentage of Agency Spending*

The Charge Card Act requires the Inspector General of an agency with more than \$10,000,000 in annual travel card spending to perform an audit. Additionally, purchase card spending of over \$10,000,000 requires the Inspector General and head of the agency to submit a joint report on a semiannual basis to the Director of OMB on charge card violations and related actions.

Due to the size of the program, an audit was not warranted and identified as low risk. **Table 2** summarizes MCC’s charge card expenditures for FY 2023.

Table 2: MCC’s Charge Card Expenditures

Calculation	Charge Card Program
Transaction Value (A)	\$3,709,530.92
MCC Annual Administrative Spending (B)	\$130,000,000 <sup>4</sup>
Percentage of the total transaction value to spending (A ÷ B)	2.85%
<b>Risk Assessment</b>	<b>Low</b>

### Charge Card Management Plan/Policy Controls

Appendix B provides guidance to establish minimum requirements for purchase and travel card use as defined in Section 3.3 “What are the required elements of an agency’s charge card management plan?” The Charge Card Management Plan should identify roles and responsibilities, outline the process for appointing cardholders and officials, ensure creditworthiness testing is implemented,<sup>5</sup> identify training requirements, and summarize the available reports for monitoring delinquency, misuse, and performance metrics.

After assessing MCC’s policies, we found their Standard Operating Procedures (SOP) to be up to date. Since MCC has established and implemented other policies, such as the Temporary Duty (TDY) Travel Policy and the Individually Billed Account (IBA) Travel Charge Card Policy, we believe the SOP builds on their compliance with Appendix B (Table 3). We identified a low risk for both programs under this criterion.

Table 3: Charge Card Management Plan/Policy Controls Risk Assessment

Appendix B Requirement	Purchase Card	Travel Card
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 FAR-1.603-3(b). Written appointment for other business lines should be included if required by agency policy.	✓	✓
Implementation of a process to ensure the creditworthiness of new charge card applicants consistent with Chapter 6 – Credit Worthiness for Individually Billed Accounts (IBA) of this Guidance.	N/A	✓
Description of agency training requirements (consistent with and/or in addition to the training requirements of this Guidance).	✓	✓
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 consistent with Chapter 8 – Category Management & Strategic Sourcing of this Guidance.	✓	✓
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 NARA and Agency-specific policies.	✓	✓

<sup>4</sup> Based on MCC’s FY 2023 Congressional Budget Justification Request.

<sup>5</sup> This requirement is only necessary for the travel card program.

Appendix B Requirement	Purchase Card	Travel Card
<i>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.</i>	✓	✓
<b>Risk Assessment</b>	<b>Low</b>	<b>Low</b>

***Internal Controls Implemented***

Section 2.4 “Purchase Card Internal Controls” and Section 2.5 “Travel Card Internal Controls” of Appendix B outline the required purchase and travel card internal controls into four processes:

1. Application;
2. Transaction;
3. Review and approval; and
4. Charge card management.

RMA reviewed MCC’s Purchase and Travel Card policies and procedures and determined the agency’s internal controls are designed to prevent or detect travel card misuse, fraud, waste, and abuse.

RMA selected samples and tested the agency’s control for effective implementation. One finding was identified in the review process. Specifically, during our testing of purchase card transactions, RMA verified whether APCs and other applicable CGM personnel performed a monthly review of each purchase card account at least once during fiscal year 2023. RMA sampled 10 purchase card accounts, two of which did not receive a review during fiscal year 2023.

41 U.S. Code § 1909.a.11, “Management of Purchase Cards, Required Safeguards and Internal Controls, requires, “The executive agency uses effective systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases.”

Additionally, MCC Charge Card SOP Section 9.2 requires, “All purchase card accounts will be reviewed at least once each fiscal year. The reviews will be documented formally by the APC and other CGM personnel as necessary.”

As a result of purchase card accounts going un-reviewed during the year, there may be instances of non-compliance regularly perpetrated. Non-compliance can be indicative of misuse, and as stated on page 6 of the MCC Charge Card SOP, any instances of misuse identified in these reviews are considered an attempt to defraud the government. Any staff member who misuses the card may be subject to disciplinary action for improper, fraudulent, abusive, careless, or negligent use of the card.

**Recommendation**

We recommend that MCC management:

1. Revise MCC Charge Card Program Standard Operating Procedures to prioritize review of purchase card holders with the highest number of transactions or highest spend – commensurate with the risk of potential misuse and fraud, based on MCC Contracts and Grants Management resource constraints.

**Management Response**

MCC management concurred with the recommendation and will revise the SOP accordingly.

We concluded the overall risk of MCC’s internal controls was low despite the one finding in the Purchase Card review process. **Table 4** summarizes individual risk assessments for each internal control process.

*Table 4: Internal Controls Implemented Risk Assessment*

Appendix B Requirement	Purchase Card	Travel Card
Application Process	✓	✓
Transaction Process	✓	✓
Review and Approval Process	✗	✓
Charge Card Management Process	✓	✓
<b>Risk Assessment</b>	<b>Low</b>	<b>Low</b>

**Compliance with Applicable Laws and Regulations**

The Charge Card Act and Appendix B outline requirements to reduce the risk of fraud, waste, and error within charge card programs. One requirement speaks to maintaining and reviewing written policies and procedures for the appropriate use of charge cards in accordance with the requirements. We concluded the risk of MCC’s non-compliance with government charge card laws and regulations was low. **Table 5** summarizes the individual program risk assessment.

*Table 5: Compliance with Applicable Laws and Regulations Risk Assessment*

No.	Charge Card Program Requirements	Purchase	Travel
1	Each agency head shall 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 FMFLA.	✓	✓
2	Agency must develop a risk profile coordinated with their annual strategic reviews with charge card risk controls implemented into the ERM Process.	✓	✓
3	Maintain and review written policies and procedures for the appropriate use of charge cards in accordance with the requirements of the Charge Card Act and Appendix B.	✓	✓
4	Establishment of a process for written appointment of purchase and integrated (purchase business line) cardholders per FAR-1.603-3(b). Written appointments for other business lines should be included if required by agency policy.	✓	✓

No.	Charge Card Program Requirements	Purchase	Travel
5	Charge card managers must review their agency's refund agreement in accordance with Appendix B and the Charge Card Act.	✓	✓
6	Agencies must develop and implement policies and practices that ensure products and services meet the sustainability requirements in statutes and EO 13693 - Planning for Federal Sustainability in the Next Decade of March 19, 2015.	✓	✓
7	Charge card managers should perform periodic reviews of the number of charge card accounts in use for appropriateness of number as well as evaluate the span of control for approving officials in accordance with the requirements of the Charge Card Act and Appendix B.	✓	✓
8	Pursuant to the Consolidated Appropriations Act, 2008 (Pub. L. No. 110-161, Division D, Title VII, section 743), each agency/organization must ensure a creditworthiness assessment is conducted of all new IBA travel charge card applicants prior to issuing a card.	N/A	✓
9	Agencies with more than \$10,000,000 in annual purchase business line spend must submit a joint agency and IG report to the Director of OMB on violations or other actions covered in 41 U.S.C. § 1909 (c)(l).	N/A <sup>6</sup>	N/A
10	Appropriate training is provided to each charge card holder and Approving Official in accordance with Appendix B.	✓	✓
<b>Risk Assessment</b>		<b>Low</b>	<b>Low</b>

### Number of Investigations or Legal Proceedings

There were no ongoing investigations or legal proceedings for the period of performance that would create additional risks related to the charge card programs (**Table 6**).

Table 6: Number of Investigations or Legal Proceedings Risk Assessment

Program	Investigations or Legal Proceedings
Purchase Card	0
Travel Card	0
<b>Risk Assessment</b>	<b>Low</b>

### Conclusion

The risk of illegal, improper, or erroneous purchases and payments being made through MCC's travel and purchase card programs, during the period of review was low, and the overall risk assessment of MCC's charge card programs was low. Based on the results of our risk assessment, we concluded an audit was not warranted.

While we determined the risk associated with the use of the charge card programs was low, this should not be interpreted that the programs are free from illegal, improper, or erroneous purchases and payments, or the risk will remain unchanged. A summary of our assessment follows (**Table 7**).

<sup>6</sup> This requirement is not applicable as MCC fell under the \$10,000,000 threshold.

*Table 7: Risk Assessment Results*

No.	Criteria	Purchase Card	Travel Card	Risk Assessment
1	Program Size as a Percentage of Agency Spending	Low	Low	Low
2	Charge Card Management Plan/Policy Controls	Low	Low	Low
3	Internal Controls Implemented	Low	Low	Low
4	Compliance with Applicable Laws and Regulations	Low	Low	Low
5	Number of Investigations or Legal Proceedings	Low	Low	Low
<b>Overall Risk Assessment</b>				<b>Low</b>

## Appendix I: Scope and Methodology

The objective of the risk assessment was to assess the risks of illegal, improper, or erroneous purchases and payments. The scope of this engagement focused on MCC's charge card programs' transactions in FY 2023. Our work was conducted from February 2024 to May 2024.

To achieve the objective, we:

1. Documented our understanding of MCC to include the agency's origin, history, size and location, organization, mission, results of prior and current assessments / audits, and other considerations.
2. Documented our understanding of laws and regulations for Charge Card Act risk assessments and assessed whether management has identified relevant laws and regulations.
3. Issued a list of data and reports to be prepared by MCC with needed due dates in the form of a Provided-By-Client (PBC) document.
4. Inquired with management regarding the previous review, attestation engagements, and other studies and if corrective actions from prior engagements were implemented.
5. Assessed MCC's controls by:
  - a. Examining written codes of conduct or other employee-related policies.
  - b. Inquiring of management regarding the program controls and the associated control environment.
  - c. Assessing MCC's internal controls through:
    - i. Examination of policies, manuals, Standard Operating Procedures, or other literature applicable to conducting daily operations of job responsibilities;
    - ii. Observation of operations and control activities; and
    - iii. Inquiry of managers/employees as to whether control responsibilities are understood, effectively communicated, and followed.
  - d. Inquiring of management whether a risk profile was conducted specific to the charge card programs and determining if MCC's Enterprise Risk Management incorporates the charge card programs.
  - e. Inquiring whether MCC participates in the Government-wide Charge Card Metrics and Benchmarking Program.
6. Assessed laws, regulations, contracts, and potential fraud through procedures such as:
  - a. Identifying relevant laws, regulations, and contracts;
  - b. Detecting instances of noncompliance with provisions of laws, regulations, and contracts for service providers;
  - c. Examining whether MCC has controls to prevent and detect noncompliance with provisions of laws, regulations, and contracts; and
  - d. Requesting information regarding areas of fraud risk.
7. Reviewed and assessed the voucher review process between MCC and IBC to ensure voucher complications are addressed accordingly.
8. Assessed ongoing investigations or legal proceedings through procedures such as:
  - a. Identifying ongoing investigations or legal proceedings, if any; and
  - b. Examining whether any ongoing investigations or legal proceedings have a significant impact on the objectives.



## Appendix II: Sampling Plan

MCC provided a complete list of total purchase and travel card transactions for FY 2023. To select our sample for testing, we exercised professional judgment in determining the number of items to select and the method to use for selection.

A judgmental sample of transactions was selected for review. We have presented the number of transactions and dollar value of the universe and our samples for both the purchase and travel card transactions for FY 2023. We conducted limited sample testing over FY 2023 charge card transactions due to the limited control deficiencies identified in current and prior year assessments.

*Table 8: Summary of Charge Card Program Sampling*

Charge Card Program	Universe		Sampling	
	Number of Transactions	Dollar Value	Number of Transactions	Dollar Value
Purchase Card	481	\$465,398.11	10	\$79,689.00
Travel Card IBA	629	\$880,979.20	10	\$50,933.72
Travel Card CBA	1,841	\$2,363,153.61	10	\$105,874.43

### Purchase Card – FY 2023

Our sample was selected from the population of purchase card transactions made in FY 2023, excluding negative amounts that indicate reversals. The universe consisted of 481 purchase card transactions for a total of \$465,398.11. We selected ten purchase card transactions, 17.1% of the total dollar value in the universe.

We selected judgmental samples based on dollar values and areas of risk identified in prior year assessments. **Table 9** includes information on the universe of records.

*Table 9: Universe of FY 2023 Purchase Card Transactions*

Population	No. of Records in the Universe	Total Amount in Universe	Total Sample Size	Total Amount in Sample	Percent of Total Universe
FY 2023	481	\$465,398.11	10	\$79,689.00	17.1%

### Travel Card IBA – FY 2023

Our sample was selected from the population of travel card IBA transactions made in FY 2023, excluding negative amounts that indicate reversals. The universe consisted of 629 travel card transactions for a total of \$880,979.20. We selected ten travel card IBA transactions, 5.8% of the total dollar value in the universe.

We selected judgmental samples based on dollar values and areas of risk identified in prior year assessments. Our sample was selected from the following population of selected travelers due to the high dollar value of their total transaction amounts and average transaction amounts. **Table 10** includes information on the universe of records.



*Table 10: Universe of FY 2023 Travel Card IBA Transactions*

Population	No. of Records in the Universe	Total Amount in Universe	Total Sample Size	Total Amount in Sample	Percent of Total Universe
FY 2023	629	\$880,979.20	10	\$50,933.72	5.8%

Travel Card CBA – FY 2023

Our sample was selected from the population of travel card CBA transactions, excluding negative amounts that indicate reversals. The universe consisted of 1,841 travel card transactions for a total of \$2,363,153.61. We selected ten travel card CBA transactions, 4.5% of the total dollar value in the universe.

We selected judgmental samples based on dollar values and areas of risk identified in prior year assessments. **Table 11** includes information on the universe of records and sample selection.

*Table 11: Universe of FY 2022 Travel Card CBA Transactions*

Population	No. of Records in the Universe	Total Amount in Universe	Total Sample Size	Total Amount in Sample	Percent of Total Universe
FY 2023	1,841	\$2,363,153.61	10	\$105,874.43	4.5%

## Appendix III: Management Comments



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DATE: June 13, 2024

TO: Toayoa D. Aldridge  
Assistant Inspector General for Audit, Inspections, and Evaluations  
Office of Inspector General  
United States Agency for International Development  
Millennium Challenge Corporation

FROM: Abdel G. Maliky /s/ **Abdel G Maliky** Digitally signed by Abdel G Maliky  
Deputy Vice President Date: 2024.06.13 16:18:16 -04'00'  
Department of Administration and Finance  
Millennium Challenge Corporation

SUBJECT: MCC's Management Response to the OIG Report, "Charge Card Risk Assessment: MCC's Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2023," dated June 12, 2024

The Millennium Challenge Corporation (MCC) appreciates the opportunity to review the Office of Inspector General (OIG) report titled "Charge Card Risk Assessment: MCC's Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2023." MCC concurs with the conclusion of the report and agrees with the low risk assessment of its charge card programs. Based on the assessment results, MCC is proud that the report delivered a third consecutive low risk assessment on our charge card programs. MCC provides a management response, which includes the management decision, to the recommendation below.

*OIG Recommendation 1 – Revise MCC Charge Card Program Standard Operating Procedures to prioritize review of purchase card holders with the highest number of transactions or highest spend – commensurate with the risk of potential misuse and fraud, based on MCC CGM resource constraints.*

MCC Response – MCC concurs with the recommendation. MCC will revise the Standard Operating Procedures to prioritize the review of purchase card holders through conducting an analysis based on the highest number of transactions and spending, with a

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consideration of potential misuse and fraud risk. This final action will be completed no later than January 10, 2025.

If you have any questions, please contact Jonathan Hamlet, Contracts and Grants Management (CGM) Managing Director at 202-521-3584 or [Hamletjc@mcc.gov](mailto:Hamletjc@mcc.gov) for Purchase Card-related inquiries, or Domestic and International Security (DIS) Managing Director at 202-521-3580 or [howardcj@mcc.gov](mailto:howardcj@mcc.gov) for Travel Card-related inquiries. Additionally, you can also contact Jude Koval, Senior Director of Internal Controls and Audit Compliance (ICAC), at 202-521-7280 or [Kovaljg@mcc.gov](mailto:Kovaljg@mcc.gov).

CC: Damian Wilson, Director, OIG, USAID  
Davida Wilhelm, Assistant Audit Director, OIG, USAID  
Anna Elias, Assistant Audit Director, OIG, USAID  
Chinwe Mbanefo, Lead Auditor, Financial Audits Division, OIG, USAID  
Fouad Saad, Vice President and Chief Financial Officer, A&F, MCC  
Lori Giblin, Chief Risk Officer, A&F, MCC  
Adam Bethon, Deputy Chief Financial Officer, FMD, A&F, MCC  
Clint Howard, Managing Director, DIS, A&F, MCC  
Jonathan Hamlet, Managing Director, CGM, A&F, MCC  
Lisa Smith-Kulley, Deputy Managing Director, CGM, A&F, MCC  
Michael Wright, Controller, FMD, A&F, MCC  
Candace Lockhart, Travel Manager, DIS, A&F, MCC  
Jude Koval, Senior Director, ICAC, A&F, MCC