



OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT'S FISCAL YEAR 2014 GOVERNMENT CHARGE CARD PROGRAMS

ASSESSMENT REPORT NO. 0-000-16-001-S
December 24, 2015

WASHINGTON, D.C.



Office of Inspector General

MEMORANDUM

TO: Chief Financial Officer, Reginald Mitchell

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

SUBJECT: Assessment of the U.S. Agency for International Development's Fiscal Year 2014 Government Charge Card Programs (Assessment Report No. 0-000-16-001-S)

This memorandum transmits our final report on the subject assessment. In finalizing the report, we considered your comments on the draft.

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 for the cooperation and assistance extended to the assessment team during this assessment.

ASSESSMENT RESULTS

Under the Government Charge Card Abuse Prevention Act of 2012 (referred to as the Charge Card Act), Public Law 112-194, USAID's Inspector General (IG) is required to conduct periodic risk assessments of the Agency's 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 IG must then determine the scope, frequency, and number of periodic audits or reviews of Government charge card programs. USAID does not use convenience checks.

Additionally, according to 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 USAID's Government charge card programs. We assessed the level as moderate for the reasons listed below.

- We did not see any large fluctuations in the dollar amount of transactions, number of transactions, or number of cardholders from fiscal years (FYs) 2013 to 2014. Large fluctuations in any of these categories could indicate higher risk areas.
- Based on our 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 in effect during FY 2014, we did not find any ineffective or missing controls.
- No instances of noncompliance with applicable laws and regulations including the Charge Card Act and Office of Management and Budget (OMB) Memorandum for Implementation of the Government Charge Card Abuse Prevention Act of 2012 were observed.
- Our review of the Agency's charge card management plans for FYs 2013 and 2014 found that they were submitted in accordance with the OMB memorandum.
- No open recommendations or any recommendations closed in FY 2014 were related to Government charge card programs.
- Data on the amount of funds spent in FY 2013 showed that USAID exceeded the \$10 million threshold, which triggers an automatic OIG review or audit of the travel card program.

¹ USAID issues purchase cards through the General Services Administration's (GSA's) Smart Pay program, in which the Agency contracts with a commercial bank to provide purchase card services.

² USAID uses Smart Pay to contract with a commercial bank to provide travel card services. The charge cards can be used only for authorized travel and related expenses such as transportation, lodging, and meals.

³ The USAID centrally billed account is used to charge expenses for airline tickets for employees on official travel directly to USAID for payment. USAID employees use a USAID-contracted travel agency to book airline tickets for official travel.

We evaluated the data listed below to assess the risk level associated with USAID's charge card programs and to determine whether USAID exceeded the \$10 million spending threshold.

Government Charge Card Data (Unaudited)

Category	Purchase Cards	Travel Cards	Centrally Billed Account
FY 2013 value of transactions	\$10,069,503	\$13,010,420	\$10,932,044
FY 2014 value of transactions	\$10,783,185	\$12,473,685	\$11,763,378
FY 2013 number of transactions	7,768	45,023	22,180
FY 2014 number of transactions	7,739	38,065	25,332
FY 2014 number of cardholders	206	3,416	N/A

We determined that USAID exceeded the \$10 million threshold for travel cards and that users were in more than 90 missions around the world.

Because of the assessment of moderate risk of illegal, improper, or erroneous purchases and payments in USAID's Government charge card programs, OIG plans to conduct an audit or review of the travel card program.

EVALUATION OF MANAGEMENT COMMENTS

Through email correspondence, USAID's management acknowledged receipt and reviewing the draft report and that there were no recommendations. USAID's management had no comments.

SCOPE AND METHODOLOGY

Scope

We conducted this assessment in accordance with Chapter 3 of *Government Auditing Standards* relating to professional independence and judgment, competence, and quality control. We also followed Sections 6.79 and 6.82 in Chapters 6, which relate to documentation standards.

OIG performed a risk assessment of USAID's Government charge card programs, to be used to decide whether to conduct an audit or review of the programs. The risk assessment was conducted at OIG and USAID offices in Washington, D.C., from October 1, 2014, to March 31, 2015.

Methodology

To conduct the risk assessment, we:

- Interviewed USAID 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 applicable laws and regulations including the Charge Card Act and OMB Memorandum (M-13-21);
- Reviewed policies and procedures in effect during FY 2014 to determine whether any controls might be ineffective or not implemented;
- Determined the number of Government charge cards issued to employees in the Agency and the number of centrally billed accounts in FY 2014;
- Obtained and reviewed travel card, purchase card, and centrally billed account transaction data for FYs 2013 and 2014;
- Obtained and reviewed USAID travel card spending data used for FY 2013 to establish whether we will conduct an audit or review of USAID'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 FYs 2013 and 2014 charge card management plans;
- Inquired about any open recommendations or recommendations that were closed in FY 2014 related to Government charge card programs; and
- Assessed risk exposure, i.e. the likelihood of risks of illegal, improper, or erroneous purchases and payments.

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