



OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF THE UNITED STATES AFRICAN DEVELOPMENT FOUNDATION'S FISCAL YEAR 2015 GOVERNMENT CHARGE CARD PROGRAMS

ASSESSMENT REPORT NO. 0-ADF-16-008-S
August 31, 2016

WASHINGTON, D.C.



Office of Inspector General

August 31, 2016

MEMORANDUM

TO: USADF President and CEO, Constance Newman

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

SUBJECT: Assessment of the United States African Development Foundation's Fiscal Year 2015 Government Charge Card Programs (Assessment Report No. 0-ADF-16-008-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), Public Law 112-194, USAID's Office of Inspector General (OIG) is required to conduct periodic risk assessments of the United States African Development Foundation's (USADF) 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. As USADF does not use convenience checks, there is no related program to assess.

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 USADF'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 USADF 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 USADF's charge card management plan for FY 2015 found that its submission was in accordance with the Office of Management and Budget (OMB) memorandum.
- No open recommendations or any recommendations closed in FY 2015 relate to government charge card programs.
- Data on the amount of funds in FY 2015 showed that USADF did not exceed the \$10 million threshold, which would have triggered an automatic OIG review or audit of the travel card program.

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

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

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

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

Government Charge Card Data

Category	Purchase Cards	Travel Cards	Centrally Billed Account
FY 2015 dollar value of transactions	\$224,968	\$187,009	\$277,055
FY 2015 number of transactions	394	817	371
FY 2015 number of cardholders	8	23	N/A

Source: Citibank Custom Reports System.

Using our assessment, we decided not to conduct an audit or review of USADF'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.

EVALUATION OF MANAGEMENT COMMENTS

We received ADF's management comments on our draft report. Management expressed their pleasure with the results of the risk assessment and their appreciation for the validation that it provided.

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.

OIG performed a risk assessment of USADF'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 OIG and USADF offices in Washington, D.C., from October 1, 2015, to March 31, 2016.

Methodology

To conduct the risk assessment, we did the following:

- Interviewed USADF 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 USADF 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 USADF travel card spending data used for FY 2015 to establish whether we would conduct an audit or review of USADF'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



August 11, 2016

MEMORANDUM

TO: Christine Byrne, Principal Deputy Assistant Inspector General for Audit

FROM: Constance Newman, President /s/

SUBJECT: Management's Response to the Draft Assessment of the United States African Development Foundation's Fiscal Year 2015 Government Charge Card Programs.

On behalf of the Foundation, I would like to thank the Office of the Inspector General, USAID for their assessment of our credit card program. I was pleased to see the results that USADF has no open recommendations and that we have the proper controls in place for our program.

We strive to ensure that this is the case and that we have a program, which ensures that Federal funds are protected and spent wisely; however, we do appreciate that "independent" look and validation which your assessment provides.

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