



OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF THE INTER-AMERICAN FOUNDATION'S FISCAL YEAR 2014 GOVERNMENT CHARGE CARD PROGRAMS

ASSESSMENT REPORT NO. 0-IAF-16-002-S
December 24, 2015

WASHINGTON, D.C.



Office of Inspector General

MEMORANDUM

TO: Chief Operating Officer, Lesley Duncan

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

SUBJECT: Assessment of the Inter-American Foundation's Fiscal Year 2014 Government Charge Card Programs (Assessment Report No. 0-IAF-16-002-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.

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 the Inter-American Foundation's (IAF) Government charge card programs. We assessed the level of risk of illegal, improper, or erroneous purchases and payments with travel cards, purchase cards, centrally billed account, and convenience check programs as low for the reasons listed below.

- Based on the data located in the table on the next page, we noted large fluctuations in the number and amount of convenience checks and the centrally billed account processed from FY 2013 to FY 2014. (Any unexplained large fluctuations in any of these categories could indicate higher risk areas.) According to the Chief Operating Officer, IAF is working toward eliminating all convenience check transactions. In addition, she said the foundation did not use the centrally billed account until the end of FY 2013, which is why the amounts fluctuated in that account from FY 2013 to FY 2014.
- 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.
- We observed one instance 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; IAF did not submit a charge card management plan to OMB for FY 2013. We notified IAF management, and they submitted a FY 2014 plan to OMB.
- Our review of IAF's charge card management plan for FY 2014 found that it was submitted in accordance with the OMB memorandum.

¹ IAF 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 IAF uses travel charge cards. The travel charge cards can be used only 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.

- 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 IAF did not exceed the \$10 million threshold, which triggers an automatic OIG review or audit of the travel card program.

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

Government Charge Card Data (Unaudited)

Category	Purchase Cards	Travel Cards	Centrally Billed Account	Convenience Checks
FY 2013 value of transactions	\$108,500	\$445,000	\$3,861	\$25,321
FY 2014 value of transactions	\$70,713	\$171,825	\$46,829	\$3,187
FY 2013 number of transactions	286	1,036	10	23
FY 2014 number of transactions	224	1,122	127	8
FY 2014 number of cardholders	3	36	N/A	N/A

Based on our assessment, we do not recommend conducting an audit or review of IAF's Government charge card programs at this time. We will perform a risk assessment of the FY 2015 transactions, and at that time our office will re-evaluate whether or not an audit should be performed.

MANAGEMENT COMMENTS



Inter-American Foundation

An Independent Agency of the U.S. Government

December 4, 2015

Nathan Lokos
Assistant Inspector General
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 FY2014 Government Charge Card Programs
(Assessment Report No. 0-IAF-16-002-S)

Dear Mr. Lokos:

Thank you for the opportunity to respond to the U.S. Agency for International Development Office of Inspector General's Assessment of the Inter-American Foundation FY2014 Government Charge Card Programs (Assessment Report No. 0-IAF-16-002-S).

We appreciate OIG's assessment of our government travel, 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

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 IAF'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 IAF offices in Washington, D.C., from October 1, 2014, to March 31, 2015.

Methodology

To conduct the risk assessment, we:

- 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 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 IAF employees and the number of centrally billed accounts in FY 2014;
- Obtained and reviewed travel card, purchase card, convenience check, and centrally billed account transaction data for FYs 2013 and 2014;
- Obtained and reviewed IAF travel card spending data used for FY 2013 to establish whether we would conduct an audit or review of the 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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