



OFFICE OF INSPECTOR GENERAL

ASSESSMENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION'S FISCAL YEAR 2015 GOVERNMENT CHARGE CARD PROGRAMS

ASSESSMENT REPORT NO. 0-OPC-16-006-S
August 31, 2016

WASHINGTON, D.C.



Office of Inspector General

August 31, 2016

MEMORANDUM

TO: Senior Administrative Counsel, Genevieve Stubbs

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

SUBJECT: Assessment of the Overseas Private Investment Corporation's Fiscal Year 2015 Government Charge Card Programs (Assessment Report No. 0-OPC-16-006-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.

CONTENTS

Assessment Results	1
Evaluation of Management Comments	3
Appendix I—Scope and Methodology	4
Appendix II—Management Comments	5

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 Overseas Private Investment Corporation's (OPIC) 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.

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 OPIC's government charge card programs. We assessed the level as low for the following reasons.

- Based on our understanding of the policies and procedures OPIC 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.
- No open recommendations or any recommendations closed in FY 2015 were related to government charge card programs.
- Data on the amount of funds spent in FY 2015 showed that OPIC did not exceed the \$10 million threshold, which would have triggered an automatic OIG review or audit of the travel card program.

¹ OPIC issues purchase cards through the General Services Administration's SmartPay program, in which the corporation contracts with a commercial bank to provide purchase card services.

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

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

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

Government Charge Card Data

Category	Purchase Cards	Travel Cards	Centrally Billed Account	Convenience Checks
FY 2015 dollar value of transactions	\$714,280	\$4,360,973	\$26,412	\$12,167
FY 2015 number of transactions	870	6,640	42	54
FY 2015 number of cardholders	21	200	3	3

Source: JP Morgan Chase PaymentNet System

Using our assessment, we decided not to conduct an audit or review of OPIC'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 an audit or review of the programs should be performed.

However, we noted that the FY 2015 OPIC purchase and travel card management plans did not include all of the elements required by A-123 Appendix B, "Improving the Management of Government Charge Card Programs," and OMB M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012." The charge card management plans did not document specific internal controls for the following elements:

- Purchase card plan. "Management controls, policies, and practices for ensuring appropriate charge card and convenience check usage and oversight of payment delinquencies, fraud, misuse, or abuse."
- Travel card plan. (1) "Identification of key management officials and their responsibilities"; (2) "establishment of formal appointment of approving officials"; (3) "management controls, policies, and practices for ensuring appropriate charge card and convenience check usage and oversight of payment delinquencies, fraud, misuse, or abuse"; and (4) "verifying the agency submits requests to servicing common carriers for refunds of fully or partially unused tickets, and tracks the status of these tickets to ensure resolution."

Risk is mitigated by controls verbally communicated by OPIC personnel. However, A-123 Appendix B states that formal, written policies and procedures are critical to assure that a system of internal controls is followed, and to minimize the potential for fraud, misuse, and delinquency.

We suggest that future OPIC purchase and travel card management plans include all of the elements required by A-123 Appendix B and OMB M-13-21.

EVALUATION OF MANAGEMENT COMMENTS

We received OPIC's management comments on our suggestion in the draft report and provided our evaluation as shown below.

Suggestion: We suggest that future OPIC purchase and travel card management plans include all of the elements required by OMB circular A-123, Appendix B, and OMB bulletin M-13-21.

Management concurs with the suggestion and will update both purchase and travel card management plans to include these elements.

During our FY 2016 risk assessment, OIG will review the modified management plans to determine if they include all the required elements.

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 OPIC'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 OPIC offices in Washington, D.C., from October 1, 2015, to March 31, 2016.

Methodology

To conduct the risk assessment, we did the following:

- Interviewed OPIC 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 OPIC employees and the number of centrally billed accounts in FY 2015.
- Obtained and reviewed travel card, purchase card, convenience check, and centrally billed account transaction data for FY 2015.
- Obtained and reviewed OPIC travel card spending data used for FY 2015 to establish whether we would conduct an audit or review of OPIC'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 22, 2016
Ms. Christine Byrne
Principal Deputy Assistant Inspector General for Audit
U.S. Agency for International Development
Office of Inspector General
Financial Audit Division
1300 Pennsylvania Ave. NW
Washington, DC 20523

Dear Ms. Byrne:

Thank you for the opportunity to respond to the Assessment of the Overseas Private Investment Corporation's Fiscal Year 2015 Government Charge Card Programs.

The assessment noted that the FY 2015 OPIC purchase and travel card management plans did not include all of the elements required by A-123 Appendix B, "Improving the Management of Government Charge Card Programs," and OMB M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012". The assessment further suggested that future OPIC purchase and travel card management plans include all of the elements required by A-123 Appendix B and OMB M-13-21. OPIC concurs with the suggestion and will update both purchase and travel card management plans to include these items.

Should you have any questions, please feel free to contact us.

Sincerely,

/s/

Dev Jagadesan
Associate General Counsel for Administration
Department of Legal Affairs

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, D.C. 20523
Tel: 202-712-1150
Fax: 202-216-3047
<http://oig.usaid.gov/>
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