



**OFFICE OF INSPECTOR GENERAL**  
U.S. Agency for International Development

# Assessment of the Inter-American Foundation's Fiscal Year 2016 Government Charge Card Programs

**ASSESSMENT REPORT 0-IAF-18-003-S**  
**JULY 9, 2018**

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### **Inter-American Foundation Hotline**

Email: [jafhotline@usaid.gov](mailto:jafhotline@usaid.gov)

Phone: 202-712-1023 or 800-230-6539

Mail: USAID OIG, Attn: IAF Hotline, P.O. Box 657, Washington, DC 20044-0657



## **MEMORANDUM**

**DATE:** July 9, 2018

**TO:** Inter-American Foundation, Chief Operating Officer, Lesley Duncan

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

**SUBJECT:** Assessment of the Inter-American Foundation's Fiscal Year 2016 Government Charge Card Programs (0-IAF-18-003-S)

This memorandum transmits the final report on our assessment of the Inter-American Foundation's (IAF) fiscal year 2016 Government charge card programs for your review and comment. Our objective was to determine the level of risk of illegal, improper, erroneous purchases and payments in IAF's Government charge card programs.

In finalizing the report, we considered your comments on the draft and included them in their entirety, in appendix B.

We do not make any recommendations.

We appreciate the assistance you and your staff extended to us during this assessment.

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## ASSESSMENT RESULTS

Under the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), USAID's Office of Inspector General (OIG) is required to conduct periodic risk assessments of IAF's purchase card,<sup>1</sup> travel card,<sup>2</sup> centrally billed account,<sup>3</sup> and convenience check programs to analyze the risks of illegal, improper, or erroneous purchases and payments. Based on the results of the risk assessment, OIG must then determine the scope, frequency, and number of periodic audits or reviews of Government charge card programs. As IAF does not use convenience checks, there is no related program to assess.

Additionally, per 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 IAF's Government charge card programs. We assessed the level of risk for the charge card programs as low for the following reasons.

- Based on our understanding and review of the internal control structure, which includes 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 fiscal year (FY) 2016, we found the required controls to be in place.
- Our review of IAF's charge card management plan for FY 2016 found that it was in compliance with the Office of Management and Budget (OMB) Circular A-123 and OMB Memorandum M-13-21 and was submitted before the January 31, 2017, deadline established in the OMB memorandum.
- No open recommendations or any recommendations closed in FY 2016 were related to Government charge card programs.

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 spending threshold on travel cards.

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<sup>1</sup> IAF issues purchase cards through the General Services Administration's Smart Pay program, in which IAF contracts with a commercial bank to provide purchase card services.

<sup>2</sup> IAF uses travel charge cards. The travel charge cards can only be used for authorized travel and related expenses such as transportation, lodging, and meals.

<sup>3</sup> The IAF centrally billed account is used mainly to charge expenses for airline tickets for employees on official travel directly to IAF for payment.

### **IAF FY 2016 Government Charge Card Data**

<b>Category</b>	<b>Purchase Cards</b>	<b>Travel Cards</b>	<b>Centrally Billed Account</b>
Dollar value of transactions	\$111,627	\$148,774	\$106,883
Number of transactions	242	1,072	270
Number of cardholders	3 <sup>a</sup>	43	N/A

<sup>a</sup>For FY 2016, IAF began with three cardholders. Two cardholders left IAF and were subsequently replaced.

These data show that IAF did not exceed the \$10 million threshold for travel card spending. Therefore, OIG will not conduct a review or audit of the travel card program.

Based on our assessment of FY 2016 data, we determined the overall level of risk was low for the purchase card program and do not recommend an audit or review be conducted at this time.

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## **APPENDIX A. SCOPE AND METHODOLOGY**

We conducted our work from January 2017 through July 2018 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 require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our assessment objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions in accordance with our assessment objective. We believe the evidence obtained provides that reasonable basis.

Our objective was to determine the level of risk of illegal, improper, or erroneous purchases and payments in IAF's Government charge card program for FY 2016.

To conduct the risk assessment, we, performed the following work in Washington, DC:

- 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 the Charge Card Act, OMB Memorandum M-13-21, and other applicable laws and regulations.
- Reviewed policies and procedures in effect during FY 2016 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 2016.
- Obtained and reviewed travel card, purchase card, and centrally billed account transaction data for FY 2016.
- Obtained and reviewed IAF travel card dollar value spending data for FY 2016 to determine whether that spending reaches the \$10 million threshold for OIG conducting an audit or review of IAF's travel card program.
- Reviewed the work performed during the FY 2016 Federal Information Security Management Act (FISMA) audit to assess the reliability of the disbursement data.
- Obtained and reviewed the FY 2016 charge card management plan.
- Inquired about any open recommendations or recommendations that were closed in FY 2016 related to Government charge card programs.
- Using these data, assessed the likelihood of illegal, improper, or erroneous purchases and payments.

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## APPENDIX B. AGENCY COMMENTS



### Inter-American Foundation

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June 26, 2018

Alvin Brown  
Deputy Assistant Inspector General for Audits  
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 FY2016 Government Charge Card Programs (Assessment Report No. 0-IAF-18-00X-S)

Dear Mr. Brown:

Thank you for the opportunity to respond to the U.S. Agency for International Development Office of Inspector General's report of the Inter-American Foundation FY 2016 Government Charge Card Programs (Assessment Report No. No. 0-IAF-18-00X-S).

We appreciate OIG's assessment of our government travel card, 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

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## **APPENDIX C. MAJOR CONTRIBUTORS TO THIS REPORT**

The following people were major contributors to this report: Rohit Chowbay, director; Damian Wilson, assistant director; Eric Zuber, auditor; Waheed Nasser, auditor; Jerry Lawson, legal counsel.