



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

Assessment of USAID's Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2019

REPORT 0-000-20-010-C
JULY 31, 2020

1300 Pennsylvania Avenue NW • Washington, DC 20523
<https://oig.usaid.gov> • 202-712-1150

The Office of Inspector General provides independent oversight that promotes the efficiency, effectiveness, and integrity of foreign assistance provided through the entities under OIG's jurisdiction: the U.S. Agency for International Development, Millennium Challenge Corporation, U.S. African Development Foundation, and Inter-American Foundation.

Report waste, fraud, and abuse

USAID OIG Hotline

Email: ig.hotline@usaid.gov

Complaint form: <https://oig.usaid.gov/complainant-select>

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

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



MEMORANDUM

DATE: July 31, 2020

TO: USAID Chief Financial Officer, Reginald W. Mitchell

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

SUBJECT: Assessment of USAID's Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2019 (0-000-20-010-C)

Enclosed is the final report on the risk assessment of USAID's charge card programs for fiscal year (FY) 2019. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA, P.C. Certified Public Accountants & Consultants (GKA) to conduct a risk assessment of USAID's purchase card program, combined integrated charge card program, and travel card program (including convenience checks and fleet cards). GKA was to analyze the risks of illegal, improper, or erroneous purchases and payments outlined in the Government Charge Card Abuse Prevention Act (Charge Card Act) of 2012 (P.L. 112-194), as implemented by Office of Management and Budget (OMB) Memorandum M-13-21, and using guidance in OMB Circular A-123, Appendix B.¹ GKA performed the risk assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Inspections and Evaluations.

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related documentation and inquired of its representatives. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We found no instances in which GKA did not comply, in all material respects, with applicable standards.

The risk assessment objectives were to assess, identify and analyze the risks of illegal, improper, or erroneous purchases and payments; and determine whether the results of the risk assessment justify performing an audit in compliance with the Charge Card Act. To answer the objectives, GKA reviewed, among other things, USAID's policies, directives, and procedures, internal controls, compliance with laws and regulations, and agency actions to address any prior

¹ OMB Circular A-123, Appendix B, A Risk Management Framework for Government Charge Card Programs, dated August 27, 2019 replaced and rescinded the previously issued Appendix B issued January 15, 2009, Improving the Management of Government Charge Card Programs, and OMB M-13-21, Implementation of the Government Charge Card Abuse Prevention Act of 2012, dated September 6, 2013.

audit recommendations or allegations of misconduct or mismanagement, for USAID charge card programs in FY 2019. The audit firm determined that purchases and travel expenses paid through USAID's charge cards and agency accounts during FY 2019 totaled approximately \$67.3 million which consists of approximately \$9.3 million of USAID's purchase card spending and approximately \$58 million of USAID's travel card spending.

The audit firm concluded that the overall risk of illegal, improper, or erroneous purchases and payments through USAID's charge card programs in FY 2019 was low for both the purchase card program and the travel card program, but that the risk assessment should not be interpreted to mean that the programs are free from illegal, improper, or erroneous purchases and payments, or that the risk will remain unchanged. Additionally, the audit firm concluded that the results of its risk assessment did not warrant an audit for the use of purchase cards and travel cards for FY 2019. However, as USAID's historical travel spending exceeds \$10 million, the audit firm will perform an audit for FY 2020.²

We appreciate the assistance extended to our staff and GKA employees during the engagement.

²The Government Charge Card Abuse Prevention Act (Charge Card Act) of 2012 (P.L. 112-194) requires the IG of each executive agency with more than \$10 million in travel card spending to conduct periodic audits or reviews of travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments.



1920 L Street NW, Suite 425
Washington, DC 20036
Tel: 202-857-1777
www.gkacpa.com

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

RISK ASSESSMENT OF USAID'S MANAGEMENT OF CHARGE CARD PROGRAM FOR FISCAL YEAR 2019



Certified Public Accountants & Consultants *Member of the American Institute of Certified Public Accountants*

July 31, 2020

Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Risk Assessment of USAID's Management of Charge Card Program for Fiscal Year 2019

This letter transmits the final report containing the results of our Risk Assessment of U.S. Agency for International Development's (USAID) Management of Charge Cards for Fiscal Year 2019. The Government Charge Card Abuse Prevention Act of 2012 requires the Office of Inspector General (OIG) to conduct periodic risk assessments of agency purchase card programs (including convenience checks), combined integrated card programs and travel card programs to analyze the risks of illegal, improper, or erroneous purchases. The risk assessment results will be used to determine the scope, frequency, and number of audits that need to be conducted over the agency's charge card programs. GKA conducted the risk assessment on behalf of the USAID Office of Inspector General (OIG).

We conducted the risk assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspections and Evaluations. We concluded that the risk of illegal, improper, or erroneous purchases and payments through USAID's use of purchase and travel cards during the scope period was:

- low for the purchase card program, and
- low for the travel card program.

The results of the risk assessment did not warrant an audit. However, USAID historically exceeds \$10 million in travel card expenses, therefore, we will perform an audit for FY 2020.

While we determined the risk of the charge card programs was low, the risk assessment should not be interpreted to mean that the programs are free from illegal, improper, or erroneous purchases and payments, or that the risk assessment will remain unchanged.

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

A handwritten signature in black ink that reads 'GKA, P.C.' in a stylized, cursive-like font.

GKA, P.C.

Table of Contents

EXECUTIVE SUMMARY	1
BACKGROUND	1
Government Charge Card Program	1
Charge Card Management Plan	3
USAID Charge Card Program	4
RISK ASSESSMENT RESULTS IN DETAIL.....	5
CRITERIA 1 - Program Size: Percentage of Agency Budget	5
CRITERIA 2 - Internal Controls: Management Plan Submitted	6
CRITERIA 3 - Internal Controls: Controls Implemented.....	6
CRITERIA 4 - Prior Program Audit Recommendation Implementation	7
CRITERIA 5 - Number of Allegations Substantiated	7
CRITERIA 6 - Compliance with Laws and Regulations.....	7
CONCLUSION	10
APPENDIX A. SCOPE AND METHODOLOGY	11
APPENDIX B. USAID’S (AGENCY) RESPONSE	13
APPENDIX C. ABBREVIATIONS.....	15

EXECUTIVE SUMMARY

GKA, P.C. (GKA) conducted a risk assessment of U.S. Agency for International Development's (USAID) charge cards (including convenience checks and travel cards) as required by the Government Charge Card Abuse Prevention Act of 2012 (Act) Public Law 112-194. The purpose of the risk assessment was to analyze the risks of illegal, improper, or erroneous purchases and payments. The assessment (or engagement) was conducted on behalf of USAID's Office of the Inspector General (OIG).

The objectives of the risk assessment were to:

- Assess, identify and analyze the risks of illegal, improper or erroneous purchases and payments; and
- Determine whether the results of the risk assessment justify performing an audit in compliance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194.

The scope of the risk assessment encompassed transactions occurring in the fiscal year ending September 30, 2019.

The risk assessment, which was performed from February 2020 through April 2020, was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspections and Evaluations. More information on the scope and methodology can be found in **Appendix A**.

We concluded that the overall risk of illegal, improper, or erroneous purchases and payments through USAID's use of purchase and travel cards during the period of our risk assessment to be:

- low for the purchase card program, and
- low for the travel card program.

The results of the risk assessment did not warrant an audit. However, USAID historically exceeds \$10 million in travel card expenses, therefore, we will perform an audit for FY 2020.

BACKGROUND

Government Charge Card Program

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (the Act). The Act reinforced efforts to prevent waste, fraud, and abuse of Government-wide charge card programs. To that end, each executive agency that issues purchase cards, convenience checks, and travel cards must establish and maintain safeguards and internal controls over these programs. The Act mandates that:

- The Inspector General (IG) of each agency conducts periodic risk assessments of the agency purchase card or convenience check programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments in order to develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of purchase card or convenience check transactions.
- The IG report to the Director of the Office of Management and Budget (OMB) regarding the implementation of recommendations made to the head of the executive agency to address findings of any risk assessment (or audit) of purchase card and convenience check transactions or programs; and that the Director comply the information and transmit it to Congress and the Comptroller General.
- The IG of each executive agency with more than \$10 million in travel card spending conduct periodic audits or reviews of travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments. Findings of the audits along with recommendations are to be reported to the executive agency, OMB, and Congress.
- Each head of an executive agency with more than \$10 million in purchase card spending annually, and each agency's Inspector General, submit a semiannual report on violations or other actions to the OMB.

The U.S. General Services Administration (GSA) SmartPay¹ programs provide charge cards to U.S. federal agencies, organizations and Native American tribal governments (agencies), through master contracts negotiated with major national banks. There are currently over 500 agencies holding over 4 million cards participating in the program. The program had spending of \$32.5 billion in FY19 on roughly 95.7 million transactions.

In June 2007, the GSA Office of Charge Card Management (CCM) awarded the GSA SmartPay master contracts to Citibank, JP Morgan Chase (JPMC), and U.S. Bank. Through these contracts, agencies can obtain several different types of charge cards to support their mission needs. These include:

- Purchase Cards – for purchasing general supplies and services.
- Travel Cards – for travel expenses related to official government travel (airline, hotel, meals, and incidentals).
- Fleet Cards – for fuel and supplies for government vehicles.
- Integrated Cards – for two or more business lines (card types) whose processes are integrated into one card: and
- Convenience Checks - instruments that are written, dated and signed against a card/account within established dollar limits.

¹ SmartPay2 and SmartPay3

Charge Card Management Plan

OMB A-123, Appendix B, requires agencies to maintain and annually submit to OMB a Charge Card Management Plan (the Plan) no later than January 31. The Plan is to include:

- Identification of key management officials and their responsibilities for each card program. These officials will include but are not limited to, agency/organization program coordinator, approving officials or other equivalent officials, and other accountable/billing officials.
- Establishment of a process for formal appointment of cardholders and approving officials, where applicable.
- Implementation of a process to ensure the credit worthiness of new card applicants.
- Description of agency training requirements.
- Management controls, policies, and practices for ensuring appropriate purchase card and convenience check usage and oversight of payment delinquencies, fraud, misuse, or abuse.
- Establishment of appropriate authorization controls.
- Implementation of policies and practices to ensure strategic sourcing.
- Explanation of how available reports and data are used for monitoring delinquency, misuse, performance metrics, spending analysis, and other relevant transactions and program management issues.
- Documentation and record retention requirements.
- Recovery of cards and other documentation when employees terminate employment and, if applicable, when an employee moves to a different organization; and
- Description of how the agency will ensure the ongoing effectiveness of the actions taken pursuant to this guidance, including, but not limited to, evaluating the effectiveness of training, risk management controls, refund management controls, strategic sourcing policies, and tax recovery efforts.

OMB M-13-21 also requires agencies to review and update the Plan, as necessary, to reflect the following internal control activities:

- To prevent an individual from being reimbursed for a bill already paid by the government, Agency officials who approve or settle official travel must verify that charges paid directly

by USAID to Citibank are not also reimbursed to an employee or an employee's individually billed account;

- To prevent USAID from spending money on unused tickets, the agency must submit requests to servicing common carriers for refunds of fully or partially unused tickets and track the status of these tickets to ensure resolution.
- To deter employee misuse of government cards, USAID must implement penalties for card violations that are jointly developed by the agency card management and human resources components. These penalties should include salary offset, for instances of personal liability, and disciplinary actions for a cardholder or approving official's illegal, improper, or erroneous purchases made with a purchase card, convenience check, integrated card, or travel card. Disciplinary actions should include dismissal, as appropriate. The Plan must define and apply appropriate and consistent employee disciplinary procedures, and comply with joint external reporting required of OIG and Agency management; and
- To provide a summary of the agency's efforts to assess its internal controls, USAID must summarize its overall results in completed compliance summaries and internal control assurance assessments in its annual Charge Card Management Plan.

USAID Charge Card Program

The USAID Worldwide Purchase Card Program became effective throughout USAID in 1998. USAID selected the Citibank "Visa" card for Purchase and Travel Card services from the GSA SmartPay Program umbrella.

Under the USAID Purchase Card Program, the Bureau for Management, Office of Acquisition and Assistance, Cost Audit Support Division (M/OAA/CAS) and the Mission Supervisory Contracting Officer (SCO) or Regional Contracting Officer (RCO) for each overseas Mission must conduct an annual review of Cardholder records after the end of each fiscal year. The annual review allows USAID to continually improve program operations and ensure that Cardholders and Approving Officials (AO) comply with established policies, regulations, and operating procedures.

M/OAA/CAS (typically, the Agency Program Coordinator (APC) or other M/OAA/CAS staff members, as needed) will conduct annual reviews for all Bureau/ Independent Office (B/IO) in USAID/Washington after the end of each fiscal year. The SCO/RCO or another Mission contracting officer, as designated by the SCO/RCO, must review the previous fiscal year's purchase card activity in the first quarter of the new fiscal year and report the findings to M/OAA/CAS at Smartpay2@usaid.gov by December 31 each year. The APC uses the reports to summarize the findings and propose solutions to enhance operations and ensure proper compliance. The annual review process involves:

- Reviewing a random sampling of the records of each Cardholder.
- If necessary, interviewing the program participants.
- Documenting any findings; and
- Certifying the completion of the annual review process.

RISK ASSESSMENT RESULTS IN DETAIL

GKA considered the following factors in its risk assessment of the USAID’s charge card programs: (1) program size relative to the agency’s budget; (2) program internal controls - management plan submitted; (3) program internal controls implemented; (4) prior program audit recommendation implementation; (5) the number of substantiated allegations of misconduct or mismanagement involving the program; and (6) program compliance with laws and regulations. GKA used the following scoring to determine risk for each factor.

Table 1: Scoring Guide

	Criteria	Low	Medium	High
1	Program Size: Percentage of Agency Budget	< 5 %	5 - 10 %	> 10 %
2	Internal Control: Management Plan Submitted	Complete plan submitted	Submitted plan incomplete	Plan not submitted
3	Internal Control: Controls Implemented	Controls implemented	Most controls implemented	Controls not implemented
4	Recommendations Not Addressed	0	1 – 3	> 3
5	Number of Allegations Substantiated	0	0	1
6	Laws/Regulations Not Met	1 – 3	4 – 6	> 7

Source: GKA analysis of USAID information

The USAID purchase card program does not include fleet cards or convenience checks.

CRITERIA 1 - Program Size: Percentage of Agency Budget

The USAID’s charge card programs expenditures total 0.2092% of the agency budget. Details of USAID expenditures by charge card program are summarized below.

Table 2: Charge Card Information October 1, 2018 – September 30, 2019²

DESCRIPTION	PURCHASE CARDS	TRAVEL CARDS	Total
Number of Cards (A)	144	3,766	3,910
Number of Transactions (B)	5,551	150,810	156,361
Transaction Value (C)	\$9,301,449	\$57,959,787	\$67,261,236
Avg Spending/ Card (D = C ÷ A)	\$ 64,593	\$ 15,390	
Avg Transaction Value (E = C ÷ B)	\$ 1,676	\$ 384	
USAID Budget for FY 2019			\$30,900,000,000
Percentage of total transaction value to budget			0.2177%
Financial Risk Assessment	Low	Low	Low

Source: GKA analysis of USAID information

² Per our discussion with USAID personnel, GSA does not differentiate between accountholder and cardholder, causing a duplication of the total number of charge cards.

CRITERIA 2 - Internal Controls: Management Plan Submitted

OMB A-123, Appendix B (Appendix B) provides guidance aimed at reducing the risk of fraud, waste, and error within government charge card programs. Appendix B establishes standard minimum requirements and best practices for purchase, travel, and fleet cards. In accordance with Appendix B, agencies must develop and maintain a Charge Card Management Plan. The Plan should be updated annually and submitted to the OMB not later than January 31st of each calendar year. Charge card plans should include identifying key officials, a process for appointing officials, ensuring credit worthiness, a description of training requirements, and an explanation of how available reports are used for monitoring delinquency, misuse, and performance metrics.

USAID submitted its travel and purchase card Plans to OMB by the January 31, 2020 deadline. The Plans met most of the requirements. However, they did not include summarized compliance and internal control assurance assessments, Management intends to include in future Management Plans.

Table 3: Internal Control Risk - Management Plan

Program	Internal Control Risk
Purchase	Low
Travel	Low

Source: GKA analysis of USAID information

CRITERIA 3 - Internal Controls: Controls Implemented

USAID's purchase and travel card programs are managed by its Management Bureau, Office of the Chief Financial Officer, Financial Policy and Support Division (M/CFO/FPS), and Management Bureau, Office of Acquisition Assistance, Cost, Audit and Support Division (M/OAA/CAS), respectively. USAID does not maintain a fleet card program or convenience checks.

USAID publishes policies and procedures regarding the government-wide charge card programs in the Agency's Directives System (ADS). Citibank is USAID's service provider for purchase and travel cards. Documents are maintained internally and approved by the approving officials in GLAAS. Travel cardholders upload receipts to the E2 travel system, where travel vouchers are reviewed by the approving official. The Agency Program Coordinators use monthly reports from Citibank and GSA SmartPay to monitor charge card program activity, including possible misuse and delinquency.

Cardholders, Approving Officials, and Agency Program Coordinators are required to complete training prior to cards being issued.

Table 4: Internal Control Risk Assessment

Program	Internal Control Risk
Purchase	Low
Travel	Low

Source: GKA analysis of USAID information

CRITERIA 4 - Prior Program Audit Recommendation Implementation

During the FY2019 GMRA audit, the auditors communicated other matters noted in Criteria 3. Per our discussion with management, Corrective Action Plans (CAP) are not established for the other matters. (We) will test charge card transactions during the FY2020 audit to determine the impact of the finding and whether an escalation is necessary.

Table 5: Implementation of Prior Audit Recommendations

Program	Recommendations Implemented
Purchase	Medium
Travel	Medium

Source: GKA analysis of USAID information

CRITERIA 5 - Number of Allegations Substantiated

There were no substantiated allegations of misconduct or mismanagement involving any charge card program reported to the OIG for the period October 1, 2018, to September 30, 2019.

Table 6: Charge Card Substantiated Allegations

Program	Substantiated Allegations
Purchase	Low
Travel	Low

Source: GKA analysis of USAID information

CRITERIA 6 - Compliance with Laws and Regulations

The Charge Card Act, Appendix B, and M-13-21 outline requirements for agencies to help reduce the risk of fraud, waste, and error within government charge card programs. Table 7 reflects the USAID’s compliance with these requirements.

Table 7: Compliance with Charge Card Program Requirements

Charge Card Program Requirements		Purchase	Travel
A	Each agency head shall provide an annual certification that the appropriate policies and controls are in place or that corrective actions have been taken to mitigate the risk of fraud and inappropriate charge card practices. In accordance with requirements of M-13-21, the certification should be included as part of, the existing annual assurance statement under the Federal Managers' Financial Integrity Act of 1982.	Yes	Yes
B	An agency should summarize the overall results in the completed compliance summaries and internal control assurance assessments in the annual Charge Card Management Plan due January 31st in accordance with the requirements of M-13-21.	No	No
C	Maintain and annually submit Charge Card Management Plans, due January 31st in accordance with the requirements of Appendix B and M-13-21.	Yes	Yes
D	Maintain written policies and procedures for the appropriate use of charge cards in accordance with the requirements of the Charge Card Act and Appendix B.	Yes	Yes
E	Charge card managers must review their agency's refund agreement in accordance with the requirements of the Charge Card Act and Appendix B.	Yes	Yes
F	Charge card managers should conduct internal charge card program reviews on a regular basis to ensure internal control mechanisms are adequate in accordance with the requirements of Appendix B.	Yes	Yes
G	Charge card managers should perform periodic reviews of the number of charge card accounts in use for appropriateness of number as well as evaluating the span of control for approving officials in accordance with the requirements of the Charge Card Act and Appendix B.	Yes	Yes
H	Agencies must periodically evaluate the effectiveness of the controls put in place to mitigate the risks of payment delinquencies and charge card misuse in accordance with the requirements of Appendix B.	Yes	Yes
I	Promptly resolve implementation of corrective action plans in accordance with the requirements of M-13-21 and OMB Circular No. A-50.	No	No

Charge Card Program Requirements		Purchase	Travel
J	Appropriate training is provided to each charge card holder and Approving Official in accordance with Appendix B.	Yes	Yes
Qualitative Risk Assessment		Low (2)	Low (2)

Source: GKA analysis of USAID information

CONCLUSION

Based on the results of our risk assessment, we concluded that an audit was not warranted. However, USAID historically exceeds \$10 million in travel card expenses, therefore, we will perform an audit for FY 2020. The risk of illegal, improper, or erroneous purchases and payments being made through the USAID’s charge card programs, during the period under our risk assessment was low for both the purchase card program and the travel card program. Our conclusion is based on the charge card programs’ size, internal controls, the implementation of the recommendations of previous risk assessment and/or audits, substantiated allegations, and compliance with laws and regulations.

While we determined the risk associated with the use of the charge card programs is low or medium, this should not be interpreted to mean that the programs are free from illegal, improper, or erroneous purchases and payments, or that the risk (low or medium) will remain unchanged. A summary of our conclusions follows.

Table 8: Summary Risk Assessment Results

Criteria		Purchase Cards	Travel Cards
1	Program Size: Percentage of Agency Budget	Low	Low
2	Internal Control: Management Plan Submitted	Low	Low
3	Internal Control: Controls Implemented	Low	Low
4	Recommendations Not Addressed	Medium	Medium
5	Number of Allegations Substantiated	Low	Low
6	Laws/Regulations Not Met	Low	Low
Summary Risk Assessment (Average)		Low	Low

Source: GKA analysis of USAID information

APPENDIX A. SCOPE AND METHODOLOGY

Our objectives for this risk assessment were based on the requirements of the Government Charge Card Abuse Prevention Act of 2012. Specifically, our objectives were to:

- Assess, identify and analyze the risks of illegal, improper or erroneous purchases and payments made through USAID's purchase card - including convenience checks if applicable - integrated card programs, and travel card programs during FY 2019.
- Determine whether the results of our risk assessment justify performing an audit in compliance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, and Government Auditing Standards.
- Coordinate with appropriate agency officials on a joint semiannual report to the OMB on any purchase card violations meeting the criteria established in the Act.

To accomplish our risk assessments, we performed procedures at USAID's Office in Washington, DC. The scope of this engagement focused on the USAID's charge card program and the agency's compliance with applicable provisions of the Act and covered transactions from October 1, 2018 through September 30, 2019. To achieve our objective, we:

- Reviewed the Charge Card Act and OMB M-13-21 regarding requirements that apply to the USAID.
- Reviewed USAID's policies, directives, and procedures for its purchase and travel card programs.
- Reviewed USAID's FMFIA Statement of Assurance for any identified internal control matters related to the purchase and travel card programs.
- Determined whether USAID maintained and annually submitted its Charge Card Management Plan for risk assessments no later than January 31.
- Determined whether USAID summarized its overall risk assessment results in its annual Plan.
- Determined the dollar amounts and other relevant statistical information for USAID's purchase and travel card programs for fiscal year 2019.
- Identified potential risks to the programs and assessed the probability and potential impact of each risk.
- Reviewed prior OIG reports and determined whether the agency addressed prior year recommendations, if any.

- Reviewed the results of USAID’s internal quarterly reviews conducted over the individually- billed travel card program.
- Determined whether USAID regularly monitored delinquent travel card accounts.
- Determined whether USAID conducted training for its charge card program; and
- Obtained and reviewed cardholder transaction history for the charge card program with Citibank’s SmartPay system.

As noted above, we obtained computer-generated data from Citibank’s SmartPay system and USAID’s travel reimbursement system to obtain cardholder information and charge card transaction data. We assessed the reliability of the SmartPay data by (1) by reconciling the data to USAID transactional reports, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report. We did not test controls over these systems.

We conducted the risk assessment in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Inspections and Evaluations from February 2020 through April 2020. The results of the risk assessment should not be interpreted to conclude that the charge card program with a low risk are free of illegal, improper, or erroneous use, or internal control deficiencies. We designed the risk assessment to identify the programs where the OIG should focus its resources.



Chief Financial Officer

July 15, 2020

MEMORANDUM FOR OFFICE OF THE INSPECTOR GENERAL

TO: Alvin Brown, IG/A/AIG

FROM: Reginald W. Mitchell

SUBJECT: Management Response to the Draft Risk Assessment Report by the Office of Inspector General titled: *USAID's Charge Card Programs Posed a Low Risk of Improper Purchases and Payments in Fiscal Year 2019 (0-000-20-00X-C)*, Dated July 7, 2020

The U.S. Agency for International Development (USAID) would like to thank the Office of Inspector General (OIG) for the opportunity to provide comments on the subject draft risk assessment report.

We acknowledge OIG's and GKA's assessment results that indicate the overall risk of illegal, improper, or erroneous purchases and payments through USAID's charge card programs remains low, consistent with the previous reviews. We appreciate the auditor's recognition of our efforts to comply with OMB A-123, Appendix B and would like to specifically highlight our continuous work to promote the effective and efficient use of the charge cards while providing cost savings, transparency, and improved security for travelers around the globe. The programs have allowed for the substantial reduction in large cash advances for travelers, greatly reducing the risks associated with cash and improving traveler safety.

Purchase Card Program staff conducted audits for FY 2019 to ensure that all cardholders and program participants acted as responsible stewards on behalf of agency/government funds. Account audits are conducted semiannually to comply with Joint Violations Reporting standards. The audits consisted of reviewing transactions to deter abuse, waste, and fraud of the agency's purchase card program. The Agency promotes utilizing the purchase card as a method of payment after cardholders perform their due diligence of research prior to conducting a transaction. This process maximizes quarterly refunds from Citibank, while limiting unauthorized transactions to minor infractions.

Please contact John Moynihan, M/CFO/APC, jmoynihan@usaid.gov, if you have any questions.

CLEARANCE PAGE FOR for the Management Response to the Draft Risk Assessment Report by the Office of Inspector General titled: *USAID's Charge Card Programs Posed a Low Risk of Improper Purchases and Payments in Fiscal Year 2019 (0-000-20-00X-C)*, Dated July 7, 2020

Clearances:

M/CFO/APC: Gary Jacobs clear Date: 07/14/2020
M/CFO/DCFO: Kathy Body clear Date: 07/14/2020
M/CFO/ICFO: Dorothea Malloy clear Date: 07/14/2020

cc:
OIGAuditTracking Mailbox

Drafter:

M/CFO/APC:JMoynihn:202-916-2533:7/14/20:CACS 0-000-20-00X-C

APPENDIX C. ABBREVIATIONS

Act	Government Charge Card Abuse Prevention Act of 2012
AFR	Agency Financial Report
CBA	Centrally Billed Accounts
Charge Card Plan	Charge Card Management Plan
Circular A-123, Appendix B	OMB Circular No. A-123, Appendix B (Revised August 27, 2019) <i>Improving the Management of Government Charge Card Programs</i>
CIGIE	Council of Inspectors General on Integrity and Efficiency
FAR	Federal Acquisition Regulation
FMFIA	Federal Managers' Financial Integrity Act
FTR	Federal Travel Regulation
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
IBA	Individually Billed Accounts
JPMC	JP Morgan Chase
M/OAA/CAS	Bureau for Management, Office of Acquisition and Assistance, Cost Audit Support Division
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
OMB M-13-21	Office of Management and Budget Memorandum M-13-21, <i>Implementation of the Government Charge Card Abuse Prevention Act of 2012</i>
Plan	Charge Card Management Plan
RCO	Regional Contracting Officer
SCO	Mission Supervisory Contracting Officer
USAID	U.S. Agency for International Development