



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

Assessment of USAID's Fiscal Year 2016 Government Charge Card Programs

ASSESSMENT REPORT 0-000-18-001-S
JUNE 18, 2018

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MEMORANDUM

DATE: June 18, 2018

TO: USAID/M/Chief Financial Officer, Reginald W. Mitchell

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

SUBJECT: Assessment of USAID's Fiscal Year 2016 Government Charge Card Programs (0-000-18-001-S)

This memorandum transmits the final report on our assessment of USAID's fiscal year 2016 Government charge card programs. Our objective was to determine the level of risk of illegal, improper, or erroneous purchases in USAID'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.

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 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, OIG must then determine the scope, frequency, and number of periodic audits or reviews of Government charge card programs. As USAID 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 card 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 USAID's Government charge card programs. We determined the level of risk for the charge card programs was 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 were in place.
- Our review of the Agency'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. However, the purchase card management plan for FY 2017 was not submitted to OMB by the January 31, 2017, deadline.
- No open recommendations or any recommendations closed in FY 2016 were related to Government charge card programs.

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

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

² USAID uses SmartPay to contract with a commercial bank to provide travel card services.

³ The USAID centrally billed account, as part of the Travel Card Program, is used to charge expenses for airline tickets for employees on official travel directly to USAID for payment. USAID employees use a USAID-contracted travel agency to book airline tickets for official travel.

USAID FY 2016 Government Charge Card Data

Category	Purchase Cards	Travel Cards	Centrally Billed Account
Dollar value of transactions	\$13,432,911	\$11,029,665	\$13,866,917
Number of transactions	13,006	40,527	20,998
Number of cardholders	174	2,790	N/A

Source: Citibank Custom Reports System.

These data show that USAID exceeded the \$10 million threshold for travel card spending. Therefore, OIG will conduct a review of the travel card program.

For the charge card programs overall, however, we determined the overall level of risk was low and do not recommend that an audit or review be conducted at this time.

OIG RESPONSE TO AGENCY COMMENTS

We provided our draft report to USAID on January 26, 2018, and on February 5, 2018, received its response, which is included as appendix B.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted this assessment from January 2017 through January 2018 following internally established OIG policies that govern the planning, conducting, and reporting of this work product. Those policies require that the assessment team is competent, independent, conducts its work using reasonable care, and follows 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.

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

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

- Interviewed USAID 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 have been ineffective or not implemented.
- Determined the number of Government charge cards issued to USAID 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 USAID travel card dollar value spending data for FY 2016 to determine whether that spending reached the \$10 million threshold for OIG conducting an audit or review of USAID'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.

APPENDIX B. AGENCY COMMENTS



Chief Financial Officer

MEMORANDUM

TO: Tom Yatsco, AIG/A

FROM: Reginald W. Mitchell /s/

DATE: February 5, 2018

SUBJECT: Management Response to Draft Assessment of USAID's Fiscal Year 2016 Government Charge Card Programs (0-000-18-001-S)

Thank you for your draft report on the *Assessment of USAID's Fiscal Year 2016 Government Charge Card Programs* and for the professionalism exhibited by your staff throughout this process.

We are pleased the Inspector General determined the card programs were in compliance with applicable laws and policies, and found no areas of concern. We look forward to working with the Inspector General on future reviews of the programs.

APPENDIX C. MAJOR CONTRIBUTORS TO THIS REPORT

The following people were major contributors to this report: Rohit Chowbay, director; Damian Wilson, assistant director; Joseph McKenzie, auditor; Jerry Lawson, associate legal counsel.