



INSPECTOR GENERAL

DENALI COMMISSION
OFFICE OF INSPECTOR |GENERAL
ANCHORAGE, ALASKA 99501

MEMORANDUM

September 16, 2024

TO: Jocelyn Fenton
Interim Federal Co-Chair and Director of Programs, Denali Commission

Micaela Fowler
State Co-Chair, Deputy Commissioner for the State of Alaska

Alicia Amberg
Executive Director, Associated General Contractors of Alaska

Julie E. Kitka
President, Alaska Federation of Natives

Nils Andreassen
Executive Director, Alaska Municipal League

Pat Pitney
President, University of Alaska

Joelle Hall
Executive President, Alaska State AFL-CIO

FROM: Roderick H. Fillinger
Inspector General

SUBJECT: Denali Commission's Charge Card Program Risk Assessment (OIG-AR-24-007)

I am pleased to transmit the attached audit report dated August 15, 2024, and received September 13, 2024, containing the results of our Risk Assessment of the Denali Commission's (Commission) Charge Card Program. The *Government Charge Card Abuse and Prevention Act of 2012*, requires the Office of Inspector General (OIG) to conduct periodic risk assessments of agency purchase card programs to analyze risk. We then use these risk assessment results to determine the scope, frequency, and number of audits we need to conduct over the Commission's charge card programs.

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Under a contract monitored by the OIG, SB & Company, LLC (SBC) conducted a risk assessment of the Commission's purchase and travel card program. SBC performed an audit of the purchase card and travel card programs.

Overall, we concluded that the risk of illegal, improper, or erroneous purchases and payments through the Commission's charge card programs during the scope period was low for the purchase and travel card program.

While we determined the risk of the charge card programs was low, the 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 courtesy and cooperation extended to my contractors during the risk assessment.

Attachment

INTERNAL AUDIT RISK ASSESSMENT OF THE DENALI COMMISSION'S CHARGE CARD PROGRAM

To the Office of Inspector General and the Denali Commission

We conducted a risk assessment of the Denali Commission's (Commission) purchase and travel card program to assess the risks of illegal, improper, or erroneous purchases and payments associated with the Commission's purchase and travel card program. We also reviewed the annual amount of purchase and travel card spending from October 1, 2023 through April 30, 2024, the number of cardholders, internal control processes and procedures, and the results of prior reviews and audits.

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and Office of Management and Budget's (OMB) implementing guidance require each Office of Inspector General to perform periodic risk assessments of agency purchase card and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audits or reviews of the agency's travel card program. Each OIG must also submit an annual purchase and travel card audit recommendation status report to OMB. Below is a summary of the actions taken during FY 2024 to fulfill these requirements, as well as additional information on our related work.

For the period October 1, 2023 through May 31, 2024, the Commission reported there were two (2) purchase card holders with expenditures totaling \$57,207, and thirteen (13) travel card holders with expenditures totaling \$45,322. The Commission did not meet the threshold of \$10 million in purchase card spending. While the balances of activity are lower than the \$10 million threshold, we completed an audit of the purchase card and travel program with no findings (See Appendix A).

The Commission also did not meet the threshold of \$10 million in travel card spending. While the balances of activity are lower than the \$10 million threshold, we completed an audit of the travel card program with no findings

Based on the audit work completed in FY 2022 and FY 2023 and relatively low volume of purchases and low number of cardholders, we concluded that the risk of illegal, improper, or erroneous purchases and payments through the Commission's purchase and travel card programs during FY 2024 was low.

Appendix A

Objective, Scope, and Methodology

The audit covered charge and travel card transactions for FY 2024. The Commission reported there were two (2) purchase card holders with expenditures totaling \$57,207, and thirteen (13) travel card holders with expenditures totaling \$45,322. Audit fieldwork took place in June 2024.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To accomplish our audit objectives, we obtained an understanding of the Commission's purchase card program to include the design, implementation, and operating effectiveness of internal controls, compliance with the Commission's governing policies and procedures, and compliance with applicable laws, regulations, and provisions. We conducted interviews and key Commission personnel and inspected relevant supporting documentation. Based on our initial risk assessment, we designed the audit procedures to assess the internal controls' operating effectiveness, to review specific attributes of the programs, and to determine compliance with the identified laws, regulations, and provisions governing the program. After completion of our testing, the results were analyzed, summarized and discussed with the key personnel involved in overseeing the programs. Our procedures reviewing approvals by appropriate officials and examining supporting documentation.

We obtained lists of all card holders for the charge card program. For the charge cards, we selected all card holders for transaction testing and selected 25 transactions for testing. We had no exceptions in testing.

We obtained lists of all card holders for the travel card program. For the charge cards, we selected all card holders for transaction testing and selected 25 transactions for testing. We had no exceptions in testing.

Washington, D.C.
August 15, 2024

*SBC * Company, LLC*