



AmeriCorps

OFFICE OF INSPECTOR GENERAL

**PERFORMANCE AUDIT OF AMERICORPS'
CHARGE CARD PROGRAM FOR FISCAL YEAR
2021**

FINAL AUDIT REPORT

NUMBER: OIG-AR-23-04

MARCH 31, 2023

OFFICE OF INSPECTOR GENERAL



OFFICE OF INSPECTOR GENERAL
AmeriCorps

March 31, 2023

MEMORANDUM TO: Malena Brookshire
Chief Financial Officer

FROM: Monique P. Colter *Monique P. Colter*
Assistant Inspector General for Audit

SUBJECT: Performance Audit of AmeriCorps' Charge Card Program for Fiscal Year 2021 (OIG Report- AR-23-04)

Enclosed is AmeriCorps Office of Inspector General (OIG) final report on the Performance Audit of AmeriCorps' Charge Card Program for Fiscal Year 2021, OIG Report AR-23-04.

AmeriCorps' OIG contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP (CLA) to conduct the Charge Card Program Audit for Fiscal Year (FY) 2021. CLA is responsible for the attached final report. We reviewed CLA's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the final report. Our review disclosed no instances where CLA did not comply with the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States.

If you have any questions or wish to discuss the final report, please contact me at (202) 606-9360 or m.colter@americorpsig.gov.

cc: Michael D. Smith, Chief Executive Officer
Jenny Mauk, Chief of Staff
Gina Cross, Chief Operating Officer
Jill Graham, Chief Risk Officer
Hannah Dufford, Deputy Chief Financial Officer
Ashley Pressley, Director, Office of Procurement Services
Waid Harper, Deputy Director, Office of Procurement Services
Fernando Laguarda, General Counsel
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Executive Summary

Date: March 31, 2023

Report No. OIG-AR-23-04



Why We Did This Audit

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and the Office of Management and Budget (OMB) Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, require that the Inspector General of each Federal agency assess the risks of illegal, improper, or erroneous purchases and payments of the agency's charge card program.

In fiscal year (FY) 2021, AmeriCorps reported total purchase card disbursements of \$785,635 administered by AmeriCorps Office of Procurement Services (OPS) and travel card disbursements of \$805,629 administered by the Travel Program Manager within AmeriCorps Accounting and Financial Management Services (AFMS).

Also, in FY 2021, AmeriCorps transitioned its financial operations to a shared service platform offered by the Administrative Resource Center (ARC) within the U.S. Treasury Department. The transition also included changes in the control environment and roles and responsibilities of the Government charge card programs between AmeriCorps and ARC.

How We Did This Audit

The Office of Inspector General of AmeriCorps (AmeriCorps OIG) contracted with CliftonLarsonAllen, LLP (CLA) to conduct a performance audit of AmeriCorps' charge card program for Fiscal Year (FY) 2021.

Our audit objectives were to assess the design of AmeriCorps' internal controls and their operations over the purchase card and travel card programs to assess (1) the risk of illegal, improper, or erroneous purchases and payments in AmeriCorps' charge card program, (2) the charge card program's compliance with applicable laws and regulations, and (3) the effectiveness of key controls over the charge card programs to detect and prevent fraud, waste, abuse, and misuse in AmeriCorps' charge card program.

What We Found

AmeriCorps established and maintained internal controls for purchase card and travel card programs. However, key controls in use were not operating effectively as designed.

For purchase cards, we identified control deficiencies in the preparation and approval of monthly statement reconciliations, approval of purchase, and maintenance of receipts, invoices, and evidence of training completion.

For travel cards, we identified control deficiencies that involve missing travel authorization, late submission of travel voucher, insufficient documentation of official travel and monthly travel card statement reconciliation, and late closing of terminated employee accounts.

Effective internal controls over the government charge cards are important to mitigate the risk of occurrence of fraudulent, improper, and illegal transactions, and if such transactions were to occur, that they are detected, with appropriate corrective actions taken in a timely manner.

What We Recommend

For purchase card, we recommend that AmeriCorps implement an oversight mechanism to retain required supporting documentations, hold cardholders and Approving Officials accountable for timely completion and approval of monthly statement reconciliations, hold cardholders accountable to obtain approval prior to making purchases, verify purchases were for allowable expenses, and hold Agency Program Coordinator accountable for proper oversight of the overall purchase card program.

For travel card, we recommend that AmeriCorps implement an oversight mechanism to hold travelers accountable to obtain approval prior to travel commencement, verify transactions were for allowable expenses, enforce its controls on record retention of receipts and timely submission of travel authorization and voucher, verify travels were for official business purposes, ensure monthly statements are reconciled, and ensure timely deactivation of cardholder accounts for separated employees.

**OFFICE OF INSPECTOR GENERAL
PERFORMANCE AUDIT OF AMERICORPS' CHARGE CARD PROGRAM FOR
FISCAL YEAR 2021**

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OFFICE OF INSPECTOR GENERAL
PERFORMANCE AUDIT OF AMERICORPS' CHARGE CARD PROGRAM FOR
FISCAL YEAR 2021

I. Introduction

In accordance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and Office of Management and Budget (OMB) Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, AmeriCorps, a Federal grant-making agency, is responsible for establishing and maintaining safeguards and internal controls for its government card program. AmeriCorps' government card program is composed of:

- purchase cards used to purchase commercial goods and services in accordance with the Federal Acquisition Regulation (FAR), and
- travel cards used by AmeriCorps' employees for official business travel expenses.

In fiscal year (FY) 2021, AmeriCorps transitioned its financial operations to a shared service platform offered by the Administrative Resource Center (ARC) within the U.S. Treasury Department. The transition also included changes in the control environment and roles and responsibilities of the Government charge card programs between AmeriCorps and ARC. Due to this change, AmeriCorps Office of Inspector General (OIG) engaged CliftonLarsonAllen LLP (CLA) to assess AmeriCorps' government charge card program. The audit objective was to assess the design of AmeriCorps' internal controls and FY 2021 operations over purchase card and travel card programs to assess (1) the risk of illegal, improper, and erroneous purchases and payments in AmeriCorps' charge card program, (2) the charge card program's compliance with applicable laws and regulations, and (3) the effectiveness of key controls over AmeriCorps' charge card program to detect and prevent fraud, waste, abuse, and misuse in AmeriCorps' charge card program.

II. Background

The objective of the purchase card program is to simplify the agency acquisition process, maintain accountability, and safeguard electronic files and recordkeeping. Authorized employees are allowed to make purchases on behalf of AmeriCorps in support of the agency's operation. The AmeriCorps purchase cards are provided through Citibank, the servicing bank, and payments are made by ARC on behalf of AmeriCorps to Citibank. AmeriCorps' Office of Procurement Services (OPS) is responsible for overseeing the agency's purchase card program, while ARC manages cardholders' accounts. In FY 2021, AmeriCorps had 29 purchase cardholders who incurred \$785,635 for purchase card transactions (see Table I below).

AmeriCorps' travel card program consists of two types of cardholder accounts: Individually Billed Accounts (IBA) and Centrally Billed Accounts (CBA). IBAs are issued in the individual name of the employee and the IBA cardholder is responsible for all charges incurred and for making payments directly to Citibank. CBAs are used primarily by AmeriCorps to pay for airfare relevant to official government travel. Payments are made directly by AmeriCorps to Citibank. ARC manages AmeriCorps' travel card program, while AmeriCorps' Accounting and Financial Management

Services (AFMS) is responsible for overseeing its overall travel card program within AmeriCorps. During FY 2021, AmeriCorps reported total travel card disbursements of \$805,629, consisting of 333 IBA cardholders incurring \$715,455 and seven CBA cardholders incurring \$90,174 in CBA transactions.

Table I: FY 2021 Number of Charge Cardholders and Spending

Charge Card Program	Number of Cardholders	Number of Transactions	FY 2021 Disbursements
Purchase Card	29	1,055	\$ 785,635
Travel Card – IBA	333	4,933	\$ 715,455
Travel Card – CBA	7	122	\$ 90,174
Total	369	6,110	\$ 1,591,264

In addition, ARC is responsible for both the management and oversight of the purchase and travel cardholder accounts for AmeriCorps. These responsibilities include, but are not limited to, setting up cardholder accounts, maintaining account changes (e.g., addresses, spending controls, merchant category code), canceling transactions, suspending and termination of charge cards, serving as a liaison between the cardholder and/or Approving Official and the servicing bank.

III. Results in Brief

Our audit found that AmeriCorps’ purchase card and travel card program policies and procedures generally met the requirements of the Charge Card Act in maintaining internal controls for its government charge cards. However, we identified weaknesses in the effectiveness of key controls related to the charge card program that risks erroneous charges and noncompliance with certain provisions of laws and regulations including the Charge Card Act and OMB Circular A-123 Appendix B guidance.

Specifically, we determined that AmeriCorps has control deficiencies with purchase card and travel card programs as follow:

Purchase Card:

- Control deficiencies in the monthly reconciliation prepared by purchase cardholders and approval of Citibank statement by the Approving Official (AO).
- Missing Approving Official’s approval on Purchase Request Form used to approve purchases.
- Receipt and/or invoices not provided to support purchase transactions.
- No evidence of initial and refresher training being completed by cardholder and AOs.

Travel Card:

- No documentation provided to verify a travel authorization was submitted for approval prior to the commencement of a travel.
- Late submission of travel voucher.
- Insufficient documentation for official travel.

- Insufficient documentation for monthly travel card statement reconciliation.
- The closing of separated employees' charge card accounts did not occur immediately after employee termination.

IV. Detailed Audit Results

Purchase Card Program

Finding 1: Control Deficiencies in the Preparation and Approval of Monthly Citibank Statement Reconciliations

In accordance with the Charge Card Act¹ and the OMB A-123 Appendix B guidance², a purchase cardholder is required to reconcile the charges appearing on each statement with receipts and other supporting documentation. In addition, per AmeriCorps' internal policies, AmeriCorps' purchase cardholders are required to reconcile their Citibank statements with their purchase card log and reallocate each transaction to the proper line of accounting at the end of each statement cycle in CitiManager³. The cardholder's designated Approving Official (AO) will then review and approve the reconciliation within CitiManager, which sends the purchase card statement to Treasury Administrative Resource Center (ARC) to process the payments. Per AmeriCorps' internal policies⁴, cardholders are responsible for maintaining their purchase card records including copies of their account statements for a minimum of three years.

For 18 of 25 purchase card transactions (72 percent, totaling \$34,434), controls for preparation and approval of the monthly reconciliations of the purchase card statements were not operating effectively. Specifically:

- a. For four purchases totaling \$7,541, documentations provided show that the monthly statements were not reconciled by the cardholder nor approved by the AO.
- b. For five purchases totaling \$1,569, the AO approved the cardholder reconciliation, but there was no evidence of the purchase card statement being reconciled by the cardholder.
- c. For one purchase totaling \$2,567, the cardholder reconciled the purchase card statement, but there is no evidence of approval by the AO.
- d. For eight purchases totaling \$22,757, the cardholders did not provide the monthly statements, as they are required to retain the copies of the monthly statements.

¹ Charge Card Abuse Prevention Act, § 1909 Management of purchase cards (3), states, "the holder of a purchase card and each official with authority to authorize expenditures charged to the purchase card are responsible for reconciling the charges appearing on each statement of account for that purchase card with receipts and other supporting documentations."

² OMB Appendix B (Revised, August 27, 2019), 2.4 – Purchase Card Internal Controls, Review and Approval Process, states, "a cardholder reconciles transactions in accordance with agency policy, but no later than 30 days after the end of the cycle date."

³ Citibank's electronic access system that provides cardholder electronic access to account statements, perform re-allocation of purchase transaction to the proper line of accounting, and upload of supporting documentation including cardholder prepared monthly reconciliation, for respective AO review and approval.

⁴ Purchase Card Guide 2020, dated August 11, 2020, page 6 and 15.

The lack of reconciliation performed by the cardholder and AO's review and approval of the reconciliation could affect the timing of the recovery of government funds from any improper or erroneous charges that could have been detected during the reconciliation process. In addition, AmeriCorps is at risk of not properly recording the purchase card transactions to the correct lines of accounting.

Finding 2: Missing Approving Official's Approval on Purchase Request Form

AmeriCorps internal policies⁵ and key controls require purchase cardholders to obtain AO's approval for purchases of goods or services. As part of this process, cardholders must fill out a Purchase Request Form that is signed by the AO to approve the purchase, as well as a Budget Analyst to certify availability of funds.

For one \$500 purchase, the Purchase Request Form was not approved by the AO prior to the purchase being made. Lack of control over proper authorization can lead to potential abuse and waste of government resources for personal gains.

Finding 3: Receipts and/or Invoices for the Purchase Not Provided

AmeriCorps' internal policies⁶ also require cardholders to maintain all records of the purchases, such as receipts or invoices from merchants to substantiate the purchase for a minimum of three years. However, internal controls to maintain proper documentation were not consistently applied or followed by AmeriCorps personnel.

For two purchases totaling \$5,003, AmeriCorps cardholders did not properly maintain all receipts and/or invoices for the purchases made on the purchase card. Without proof of purchase or receipt, we are not able to ascertain whether the purchases were allowable expenses. Additionally, this deficiency could lead to failure in detecting and preventing fraud, waste, abuse, and misuse in AmeriCorps' charge card program. Therefore, we classified the amounts totaling \$5,003 as unsupported questioned costs⁷.

Finding 4: No Evidence of Training Completed

According to the Charge Card Management Plan and the key controls as prescribed in the purchase card process narrative, cardholders and AOs must complete the General Services Administration (GSA) initial purchase card training. Additionally, cardholders and AOs are required to complete refresher training every FY to ensure compliance and understanding of

⁵ FY 2022 Charge Card Management Plan, dated March 24, 2022, page 16 and Purchase Card Guide dated August 11, 2020, page 12-13.

⁶ FY 2022 Charge Card Management Plan, dated March 24, 2022, page 8 and Purchase Card Guide dated August 11, 2020, page 15-16.

⁷ Questioned cost is a cost that is questioned by an auditor where the costs, at the time of the audit, are not supported by adequate documentation.

AmeriCorps purchase card operating procedures. AmeriCorps' internal policy⁸ also requires that training records be kept for six years to comply with National Archives and Records Administration requirements.

Of the 25 purchase card samples consisting of 12 purchase cardholders and seven AOs, the Certificates of Training were not properly maintained for the following:

- a. No evidence of any training (initial and refresher) being completed by nine cardholders and five AOs.
- b. No evidence of refresher training being completed by three cardholders and two AOs.

These incidents occurred due to lack of oversight and enforcement of purchase card internal controls. Specifically, there is no oversight by AmeriCorps to ensure required purchase card reconciliations are timely prepared by cardholders and approved by AOs. In addition, there is a weakness in document retention and maintenance of adequate and reasonable documentation.

Recommendations: We recommend that AmeriCorps:

1. Develop an oversight mechanism to retain receipts and monthly reconciliations to ensure record retention. (*Finding 1*)
2. Develop an oversight mechanism to hold cardholders and Approving Officials accountable for timely completion and approval of monthly statement reconciliation and consider disciplinary actions for repeat offenders. (*Finding 1*)
3. Revise purchase request and approval controls to implement a mechanism to hold cardholders accountable to obtain Approving Official's approval prior to making purchases. (*Finding 2*)
4. Verify purchase transactions were for allowable expenses and consider remediation action of any unallowable or unauthorized charges. (*Findings 2 and 3*)
5. Develop and document a mechanism to hold the Agency Program Coordinator accountable for proper oversight of the overall purchase card program including periodic review of the supporting documentations, certificates of training, monthly reconciliation, and purchase request forms maintained by the Approving Officials. (*Findings 1, 2, 3, 4*)
6. Provide training for Approving Officials to ensure proper retention of required supporting documentations such as the evidence of cardholder's reconciliation of statements, Approving Official's approval of the statement, signed purchase request forms, copies of receipt/invoices, and certificate of training. (*Findings 1, 2, 3, 4*)

⁸ FY 2022 Charge Card Management Plan, dated March 24, 2022, page 21.

Travel Card Program

Finding 5: No Travel Authorization

In accordance with the Federal Travel Regulations (FTR) requirements⁹, prior to the commencement of a travel, the travel authorization form must be reviewed and approved by the traveler's AO. The travel authorization includes the purpose, the start and return date, as well as the estimated cost of the agency's mission-related travel. However, for one travel expense valued \$278.60, AmeriCorps officials did not provide the approved travel authorization form to validate proper approval of the travel. This could result in unauthorized travel expenses improperly paid to Citibank or reimbursed to the cardholder.

Finding 6: Late Submission of Travel Voucher

In accordance with AmeriCorps' internal policies¹⁰ and the FTR requirements¹¹, travelers are required to submit their travel vouchers to their AOs within five business days after their travel. The AOs are then required to review the vouchers and supporting documentation for approval of expenses prior to ARC processing the voucher payments. However, for the aforementioned \$278.60 travel expense, the travel voucher was not submitted within the prescribed five business days. The travel end date was on April 14, 2021, but the travel voucher was not submitted until May 10, 2021, 26 days after the travel end date. This late submission of a travel voucher violates compliance with FTR requirements and may result in disciplinary actions¹².

Finding 7: Insufficient Documentation for Official Travel

AmeriCorps' internal policies and procedures¹³ restrict the use of the travel card to expenses incurred for official authorized Government travel. Using the card outside of officially ordered travel or unrelated to the official travel is strictly prohibited. Additionally, AmeriCorps' CBA standard operating procedure, requires NCCC Region AOs to approve all travels prior to being ticketed to members to ensure funds are obligated on the Travel Order.

For six travel expenses totaling \$1,834.80, the reported airfare expenses for NCCC members lacked sufficient documentation to support the flight purchases were for official travel. The documentation did not have valid travel approval, flight purchase confirmation, and relevant travel receipts/invoices.

⁹ FTR Chapter 301-71.105, *Must we issue a written or electronic travel authorization in advance of travel?*: [CFR-2021-title41-vol4.pdf \(govinfo.gov\)](#)

¹⁰ AmeriCorps Travel Policy No. 503, dated July 8, 2021, page 15; and Travel Charge Card Management Plan 2021, page 6.

¹¹ Federal Travel Regulation Part 301-52.7 – Claiming Reimbursement.

¹² Policy No. 503, *Travel: Supplement to the Federal Travel Regulation*, dated July 8, 2021, page 24.

¹³ Travel Charge Card Management Plan 2021, page 1.

Sample No.	Transaction Amount
26	\$ 97.60
27	\$ 185.40
28	\$ 348.20
31	\$ 426.20
33	\$ 427.20
35	\$ 350.20
Total:	\$ 1,834.80

Potential abuse and waste of government resources could occur as a result of insufficient documentation to validate the flight purchases were for official business travel.

Finding 8: Insufficient Documentation for Monthly Reconciliation of Travel Card Statements

CBA travel cards are used primarily by AmeriCorps to pay for flights and train tickets for member travel. At the end of each statement cycle, AmeriCorps’ Financial Specialist is required to reconcile the CBA Travel Statement provided by Citibank to the charges made on the CBA account. The reconciliation is approved by the assigned AO, then sent to ARC for payment processing in Oracle system. However, exceptions were noted on the following four travel expenses totaling \$741.40.

- a. For one \$185.40 expense, we were not able to confirm whether the amount was included in the CBA reconciliation and the payments processed in the Oracle system.
- b. For three travel expenses totaling \$556, we were not able to trace the individual expenses to the payments processed in Oracle system.

AmeriCorps’ inability to retrieve transactional detail that support the CBA reconciliation balances and the payments processed in Oracle could affect management’s ability to identify and resolve charge errors and may affect the timing and recovery of government funds.

Recommendations: We recommend that AmeriCorps:

- 7. Implement a mechanism to hold travelers accountable to obtain travel approval prior to travel dates. (*Finding 5*)
- 8. Verify travel card transactions were for allowable expenses and consider remediation action of any unallowable or unauthorized charges. (*Findings 5 and 7*)
- 9. Develop an oversight mechanism to enforce its controls record retention of travel receipts and timely submission of travel authorizations and vouchers in accordance with Federal Travel Regulation and AmeriCorps policies and procedures. (*Finding 5 and 6*)

10. Research and verify that the travels were for official business purposes and maintain proper documentation to support the travel related charges. (*Finding 7*)
11. Develop and document a monitoring control to ensure Centrally Billed Accounts (CBA) Citibank statements are properly reconciled prior to payment submission. (*Finding 8*)

Finding 9: The Closing of Separated Employees' Charge Card Accounts Did Not Occur Immediately After Employee Termination.

AmeriCorps' policies and procedures¹⁴ require terminated employees' purchase card and travel card accounts to be disabled immediately upon termination of the employment. However, over half (36 out of 65) of the separated cardholders' accounts in FY 2021 were not disabled timely, with accounts being disabled between 1 to 161 days after termination of employment.

For travel cards, prior to the employee's last day of employment, an electronic pre-exit clearance form is circulated in which the AmeriCorps Agency Program Coordinator (APC) checks whether the terminated employee is a travel cardholder. If the employee holds an agency issued travel card, the APC notifies ARC of the departing employee and requests to have their travel card account closed. ARC will then disable the employee account on the last day of employment.

Recommendations: We recommend that AmeriCorps:

12. Implement a mechanism to hold Office of Human Capital accountable for timely notification of employee termination to the Agency Program Coordinator upon completion of exit form. (*Finding 9*)
13. Coordinate with Treasury Administrative Resource Center to timely disable the terminated employee's account and identify root cause for accounts that are not closed timely. (*Finding 9*)
14. Follow up on the 36 separated cardholder accounts to verify no charges were made after employee separation date. (*Finding 9*)
15. Perform a root cause analysis of the untimely account closeout and develop remediation plan as appropriate. (*Finding 9*)

¹⁴ Purchase Card Guide 2020, dated August 11, 2020, page 9.

V. Summary of AmeriCorps Management's Response

AmeriCorps responded in writing to our draft report. A copy of AmeriCorps' response in its entirety can be found in Appendix B. We summarized the comments below:

AmeriCorps agreed with 12 out of 15 recommendations with most of the corrective actions already implemented or planned. However, AmeriCorps disagreed to the following three recommendations:

- **Recommendation 7** – *Implement a mechanism to hold travelers accountable to obtain travel approval prior to travel date.*

AmeriCorps disagrees with the recommendation noting that a mechanism is already automated in the electronic travel system, ConcurGov. A travel voucher cannot be created without an approved travel authorization in the travel system. Additionally, the travel system requires an approved travel authorization prior to ticketing.

- **Recommendation 8** – *Verify travel card transactions were for allowable expenses and consider remediation action of any unallowable or unauthorized charges.*

AmeriCorps disagrees with the recommendation stating that the expenses were verified, and all travel card transactions were for allowable expenses during time of travel.

- **Recommendation 12** – *Implement a mechanism to hold the Office of Human Capital accountable for timely notification of employee termination to the Agency Program Coordinator upon completion of exit form.*

AmeriCorps disagrees with the recommendations noting that it is not the Office of Human Capital who initiates offboarding requests for departing employees and that the responsibility lies with the Managers/Supervisors of the employee.

VI. Auditor's Evaluation of AmeriCorps Management's Response

We consider the completed and planned corrective actions to be responsive to our recommendations. All recommendations will remain open until AmeriCorps submits documentation to demonstrate the completion and sufficiency of the corrective actions.

Our responses to the three recommendations that AmeriCorps did not concur to are as shown below:

- **Recommendation 7** – Although AmeriCorps contends that there is an automated mechanism in its travel system, ConcurGov, that requires travel authorization before commencement of travel, AmeriCorps could not provide the authorization when requested. As a result, we were unable to assess the effectiveness of the automated approval controls within ConcurGov.
- **Recommendation 8** – During the audit, AmeriCorps could only provide the Citibank statement showing the transactions with the airline, which is insufficient documentation to validate that the flight purchases were for official business travel. Therefore, we cannot validate management's response that the travel card transactions in question were for allowable expenses.

Despite management's disagreement to this recommendation, AmeriCorps performed a root cause analysis and identified issues with staffing and document management. AmeriCorps now plans to provide training for staff and update standard operating procedures to improve document retention.

- **Recommendation 12** – AmeriCorps is responsible for informing Treasury's Administrative Resource Center (ARC) of employee separation regardless of whether the Offboarding System is used. As a result, accountability remains in the Office of Human Capital, which lacks a mechanism for ensuring timely communication to the Agency Program Coordinator.

We are confident that swift and effective implementation of the recommendations will strengthen AmeriCorps' internal controls and oversight of the Government Charge Card Programs and decrease exposure to risks.

CliftonLarsonAllen LLP



Arlington, VA
March 31, 2023

APPENDIX A

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

AmeriCorps OIG engaged CLA to conduct a performance audit on AmeriCorps' charge card program for fiscal year (FY) 2021. The audit objectives were to assess the design of AmeriCorps' internal controls and their operations over purchase card and travel card programs to assess:

- a. The risk of illegal, improper, and erroneous purchases and payments in AmeriCorps' charge card program;
- b. The charge card program's compliance with the applicable laws and regulations; and
- c. The effectiveness of key controls over AmeriCorps' charge card program to detect and prevent fraud, waste, abuse, and misuse in AmeriCorps' charge card program.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Scope

The audit covered all purchase and travel card transactions for FY 2021. During FY 2021, AmeriCorps had 29 purchase cards with 1,055 transactions totaling \$785,635, and 340 travel cards with 5,055 transactions totaling \$805,629 between IBA and CBA. See Table I in the Background Section for total number of charge cardholders and the total spending in FY 2021 for each charge card program.

We performed this work in a remote setting, during the period from October 2021 through March 2023. We discussed the contents of this report with AmeriCorps management in an exit conference held on February 9, 2023.

Methodology

To accomplish our audit objectives, we:

- Reviewed updated policies and procedures and existing business process narratives relevant to obtain an understanding of AmeriCorps' charge card program and to identify key controls in place to assess how those controls align with our audit objective.
- Conducted interviews with key personnel to gain understanding and plan our procedures to conduct the audit.

- Assessed the risk of the occurrence of fraud and abuse that is significant within the context of the objective or that could affect the findings and conclusions.
- Reviewed OMB Circular A-123 Appendix B, *A Risk Management Framework for Government Charge Card Program*, test results performed by AmeriCorps' Office of Chief Risk Officers (OCRO) in FY 2021.
- Ensured the AmeriCorps purchase card and travel card population data (Citibank Account Activity Report) used for our analysis were complete by reconciling it to the general ledger detail for FY 2021.
- A total of 50 samples¹⁵ were selected for the purpose of testing key controls surrounding AmeriCorps' charge card program. We selected a random sample of 25 purchase card and 25 travel card transactions for FY 2021 and reviewed related supporting documentations for those transactions including review of training certificates for the cardholders and AOs selected. Other testing attributes include:
 - Verifying the cardholders did not exceed his/her credit limit.
 - Verified the purchases/travels were reviewed and approved by the appropriate AO prior to purchase/travel.
 - Traced and agreed that sample transaction to its supporting documentations (e.g., copies of receipt, credit card slips, invoices) to ensure the charges match in the amount, description, date, vendor, etc.
 - Verified charges comply with a listing of authorized purchases and does not appear on the list of unauthorized merchant code and Federal Acquisition Regulation (FAR).
 - Verified the charges were used for the purpose of official business travel only.
 - Verified the travel voucher was submitted within five business days of travel.
 - Verified monthly purchase card account statement associated with the sample purchase was properly reconciled by the cardholder and approved by the AO within 10 business days following the end of the statement period.
 - For CBAs, the Citibank statement and NCCC CBA reconciliation was approved by the regional official, and the Financial Specialist emailed the signed documents and base excel sheets to Travel Accounting (ARC) by the 14th of the subsequent month.

In performing this methodology, we applied audit techniques such as inquiry and observation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings related to the audit objectives.

¹⁵ In accordance with the Government Accountability Office (GAO) Financial Audit Manual (FAM) 450, Perform Sampling Control Tests, we utilized a 90% confidence level and a tolerable deviation rate of 5%, which resulted in a sample size of 45 charge card transactions. To provide additional sampling coverage, we applied auditor judgment to select five additional samples; total sample size of 50.

AMERICORPS MANAGEMENT'S RESPONSE



TO: Monique P. Colter, Assistant Inspector General for Audits

FROM: Malena Brookshire, Chief Financial Officer MALENA BROOKSHIRE Digitally signed by MALENA BROOKSHIRE
Date: 2023.03.28 22:15:15 -04'00'

SUBJECT: Response to OIG Draft Report (OIG-AR-23-04) – Performance Audit of AmeriCorps' Charge Card Program for Fiscal Year 2021

DATE: March 28, 2023

In response to the AmeriCorps Office of Inspector General's (OIG) Performance Audit of AmeriCorps' Charge Card Program for Fiscal Year 2021, the agency provides the following responses to the OIG's recommendations.

1. Develop an oversight mechanism to hold cardholders and Approving Officials accountable for timely completion and approval of monthly statement reconciliation and consider disciplinary actions for repeat offenders. (Finding 1)

AmeriCorps Response: Agree. AmeriCorps' Office of Procurement Services (OPS) recommendation is to include the following process in to the GPC Process Narrative: Require reconciliation for transactions 5 -7 days prior to statement closeout. AmeriCorps will request a report from ARC that will allow OPS to monitor if this is being completed. When this timeline is missed, the AO for the office will be notified of delayed processing. Punitive options to address delayed processing will include: reducing credit lines or Monthly and Single purchase limits as a disciplinary action for continual neglect.

2. Revise purchase request and approval controls to implement a mechanism to hold cardholders accountable to obtain Approving Official's approval prior to making purchases. (Finding 2)

AmeriCorps Response: Agree. OPS will plan to include the following in the 2023 OPS GPC Process Narrative: Will require GPC holders to get purchase request approved by Approving Officials and submit 5 days prior to statement close out. Revised purchase request and approval controls have a legal process to go through with our legal department which takes time, however,





a recommendation can be discussed.

3. Verify purchase transactions were for allowable expenses and consider remediation action of any unallowable or unauthorized charges. (Finding 2 and 3)

AmeriCorps Response: Agree. Transactions that are not allowable are declined and have to be approved by the agencies POC. ARC (CardProgram) will not allow these transactions to complete by not adding the MCC code when rejected. OPS receives a monthly report for “declined transactions report” – actions that are truly unallowable will be raised to the AO for that office for notification of the incident and possible disciplinary action.

4. Develop and document a mechanism to hold the Agency Program Coordinator accountable for proper oversight of the overall purchase card program including periodic review of the monthly reconciliation, purchase request forms, supporting documentations, and certificate of training maintained by the Approving Officials. (Finding 1, 2, 3, 4)

AmeriCorps Response: Agree. Monthly reconciliation is reviewed by ARC (AcctgCardProgram), they review, approve and or reject reconciliations, and purchase request forms if not completed correctly. POC will advise all AO’s to retain a copy of the certificate of training and provide a copy to agencies POC for all Card Holders/Approving Officials. OPS is receiving a monthly transaction report from cardholder activity from ARC. This document will allow OPS to cross check activity of GPC users with its planned audits of GPC files.

5. Provide training for Approving Officials to ensure proper retention of required supporting documentations such as the Approving Official’s and cardholder’s reconciliation of the statements, Approving Official’s approval of the statement, signed purchase request forms, copies of receipt/invoices, and certificate of training. (Finding 1, 2, 3, 4)

AmeriCorps Response: Agree. Training for cardholders and approving officials is provided through OPS and Arc in late winter and early spring annually. POC will advise Approving Officials of new guidelines, which will include the responsibility of proper retention of required



supporting documentations for all their Cardholder's reconciliation of the statements, Approving Official's approval of the statement, signed purchase request forms, copies of receipt/invoices, and certificate of training, and submit to POC quarterly or order continue as an Approving Official.

6. Develop an oversight mechanism to retain receipts and monthly reconciliations to ensure record retentions.

AmeriCorps Response: Agree. OPS is implementing an internal audit team to conduct internal checks for COR files, contract files and GPC cardholder's files. OPS will utilize data from CORs, ARC and CITI Bank to audit 10% of cardholders per month to ensure compliance on record retention for receipts, GPC purchase request, Budget approval and documentation of reconciliation within 30 days.

7. Implement a mechanism to hold travelers accountable to obtain travel approval prior to travel dates. (Finding 5)

AmeriCorps Response: Disagree. We already have a mechanism in place. Due to the fact that this is already automated in the electronic travel system, ConcurGov, there is no need for an additional mechanism. A travel voucher for temporary duty travel (TDY) cannot be created without an approved travel authorization in the travel system. In addition, the travel system requires an approved travel authorization prior to ticketing. All TDY travel requires an approved travel authorization prior to departure.

8. Verify travel card transactions were for allowable expenses and consider remediation action of any unallowable or unauthorized charges. (Findings 5 and 7)

AmeriCorps Response: Disagree. The supporting documentation shows that the expenses were verified and that all travel card transactions were for allowable expenses during time of travel. Traveler is allowed to use the travel card for meals while in travel status. Travel card will reject when used at an unauthorized merchant.



All employees are required to take the GSA Travel Card training prior to receiving a travel card. Refresher training is required every 3 years.

A review of finding 7 showed that the root cause was primarily a staffing and document management issue, not a process issue.

New staff has been trained on the importance of document management and now retain all documents in a standard filing system. NCCC is updating the Member Transportation SOP to include these document retention protocols and file locations. Adobe Pro licenses for all Financial Specialists will be secured to ensure timely redaction of PII from documents prior to submission to auditors. The NCCC Director will send out a reminder to all staff to maintain documentation in the appropriate locations.

9. Develop an oversight mechanism to enforce its controls record retention of travel receipts and timely submission of travel authorizations and vouchers in accordance with Federal Travel Regulation and AmeriCorps policies and procedures. (Finding 5 and 6)

AmeriCorps Response: Agree. To ensure timely submission of travel authorizations and vouchers, ARC is now providing the travel contact with the Open Document and Awaiting approval report daily. Travelers that have an open authorization that has not been routed for approval will receive an email from the travel contact requiring them to complete the authorization or delete it from the system prior to the departure date.

Travelers that have an open authorization that have not been vouchered against receive an email reminding them to complete their travel voucher by the due date and their supervisor is copied.

10. Research and verify that the travels were for official business purposes and maintain proper documentations to support the travel related charges. (Finding 7)

AmeriCorps Response: Agree. NCCC was able to identify all documentation for these travels and verify that they were for official business purposes. These documents were not able to be submitted within the audit period due to the reasons listed above. NCCC will maintain all



proper documents to support travel related charges in a standardized filing system for timely submission in the future. The NCCC Director will send out a reminder to all staff to maintain documentation in the appropriate locations.

11. Develop and document a monitoring control to ensure Centrally Billed Accounts (CBA) Citibank statements are properly reconciled prior to payment submission. (Finding 8)

AmeriCorps Response: Agree. NCCC is updating the CBA reconciliation SOP to clearly identify document retention protocols and file locations and will communicate to key personnel about the importance of maintaining supporting documentation related to member travel in the appropriate file locations.

12. Implement a mechanism to hold Office of Human Capital accountable for timely notification of employee termination to the Agency Program Coordinator upon completion of exit form. (Finding 9)

AmeriCorps Response: Disagree. OHC does NOT initiate offboarding requests for departing employees. This is the responsibility of Managers/Supervisors and the employee. This responsibility is clearly stated in the [CHRS](#)

Managing Separations from the Corporation - This section covers the various aspects of managing employee separations.

- a. **4.1. Departing Employees Supervisors and managers with departing employees are responsible for notifying appropriate offices of an employee's upcoming departure by using the CNCS Employee Departure Notification Form*.** Employees separating from the Corporation should notify their supervisor, contact the OHC, or the designated point of contact in the field, as soon as possible after setting their departure date. Supervisors will inform departing employees of the required clearance/outprocessing procedures



As a note, the CNCS Employee Departure Notification Form referenced below has been replaced by the Offboarding System (OBS) that is managed by OIT.

Furthermore, Employee Separations are covered in the [Payroll Liabilities Process Narrative](#) document of which OHC is the owner. Please see the reference below.

12. Employee Separations

When an employee separates from AmeriCorps voluntarily or involuntarily, OHC is notified via email of the pending departure by the OBS. Once the employee departure date is entered in OBS, an automated email is sent to the applicable Department Heads so that they can begin to take immediate steps.

13. Coordinate with Treasury Administrative Resource Center to timely disable the terminated employee's account and identify root cause for accounts that are not closed timely. (Finding 9)

AmeriCorps Response: Agree. ARC's policy is to close the travel card account on the exit date. If the exit date is on a weekend or a holiday the account is closed on the next business day. The exit date AmeriCorps will now provide to ARC will be two days prior to the official exit date to ensure the account is closed on or before their last day.

14. Follow up on the 36 separated cardholder accounts to verify no charges were made after employee separation date. (Finding 9)

AmeriCorps Response: Agree. ARC provided Citibank reports that showed no charges were made to the 36 cardholder accounts that were closed after their exit date.

15. Perform a root cause analysis of the untimely account closeout and develop remediation plan as appropriate. (Finding 9)

AmeriCorps Response: Agree. ARC's policy is to close the travel card account on the exit date. If the exit date falls on a weekend or a holiday the account is closed on the next business



day. The exit date AmeriCorps now provides to ARC is two days prior to the official exit date to ensure the account is closed on or before their last day.

An Exit Clearance process has been written and training provided to the designated backup to the AmeriCorps travel contact.

31 travel card accounts were closed late because the exit date fell on a weekend or a holiday

5 accounts were closed late because ARC was notified late by the AmeriCorps travel contact. Of those five, 1 account was closed late because the off-board notification was not received until 5/3/21 and the departure date was 4/9/21. One account was listed as being closed late but wasn't because the exit date changed.

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