



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 2, 2018

OIG-CA-18-025

MEMORANDUM FOR: DAVID A. LEBRYK  
FISCAL ASSISTANT SECRETARY

KIMBERLY M. McCOY, COMMISSIONER  
BUREAU OF THE FISCAL SERVICE

FROM: Deborah L. Harker /s/  
Assistant Inspector General for Audit

SUBJECT: Audit Termination Memorandum – Selection and Monitoring  
of Financial Agents for Revenue Collection Management  
(A-FI-14-047)

In April 2014, we initiated an audit of the Bureau of the Fiscal Service's (Fiscal Service) selection and monitoring of financial agents as part of our annual audit plan for the fiscal year. Our initial objective was to assess Fiscal Service's processes for selecting financial agents and monitoring their performance under the terms of their financial agency agreement (FAA). However, in December 2014, we refined our audit objective to focus on the selection and monitoring of financial agents related to revenue collection management. In June 2015, due to competing projects, fieldwork on this audit was suspended as we focused our resources on other audit priorities including, but not limited to, our efforts to oversee the Department of the Treasury's (Treasury) efforts to comply with the Digital Accountability and Transparency Act of 2014.

We are terminating this audit because in recent years, our office completed three audits related to the selection and monitoring of financial agents. These audits focused on (1) the administration of the Direct Express Program and the selection of Comerica Bank as the financial agent for the program;<sup>1</sup> (2) the rebid and selection of Comerica Bank as the financial agent for the Direct Express Program;<sup>2</sup> and (3) the award and administration of the FAA with Bank of America and JPMorgan Chase & Co. as the financial agents for services provided to the Federal

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<sup>1</sup> Treasury OIG, OIG-14-031, Fiscal Service Needs to Improve Program Management of Direct Express (March 26, 2014).

<sup>2</sup> Treasury OIG, OIG-17-034, Direct Express Bid Evaluation Documentation Requires Improvement (January 24, 2017).

Bureau of Prisons.<sup>3</sup> These audits identified, in part, issues with improper documentation and limited oversight of the financial agents, and made recommendations to (1) ensure the selection process for financial agents is documented and that the documentation is maintained throughout the life of the agreement; (2) develop and implement policies and procedures for amending FAAs; and (3) ensure that guidelines for monitoring financial agents are followed and documented. These previous FAA audits generally encompassed the objectives of the current audit and included recommendations which, when addressed, could impact any potential findings in our audit. We believe it is prudent to allow Fiscal Service an opportunity to address these recommendations before we proceed with further audit work.

In addition to our reports, in January 2017, the Government Accountability Office (GAO) issued an audit report titled, *Revenue Collections and Payments: Treasury Has Used Financial Agents in Evolving Ways but Could Improve Transparency*.<sup>4</sup> The audit focused on (1) how Treasury's use and compensation of financial agents has changed as it has modernized its payment and collection systems, and (2) Fiscal Service's processes and related internal controls for selecting and designating financial agents. Similar to our audits, GAO found that guidelines for selecting financial agents were not completely followed, and in one case there were no available records. To promote transparency and accountability of federal spending, GAO recommended Treasury make basic information about Fiscal Service's use of financial agents publicly available in a central location, including compensation paid to each financial agent under its FAA and a description of the services provided.

Considering the above issued audit reports, we determined that continuing our audit at this time will not further enhance Fiscal Service's controls over the selection and monitoring of financial agents, nor efficiently utilize Treasury Office of Inspector General resources. We will remove the *Selection and Monitoring of Financial Agents for Revenue Collection Management* (job code A-FI-14-047) from our *Monthly Status Report*.

Should you have any questions concerning this memorandum, please contact me at (202) 927-5400, or Andrea Smith, Audit Director at (202) 927-8757.

cc: Rodney Dogan, Audit Liaison

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<sup>3</sup> Treasury OIG, OIG-15-048, Former Federal Inmate Debit Card Fees Were Comparable with Other Card Programs, but Documentation Supporting Financial Agent Agreements Was Lacking (September 17, 2015).

<sup>4</sup> GAO-17-176, Revenue Collections and Payments: Treasury Has Used Financial Agents in Evolving Ways but Could Improve Transparency (January 25, 2017).