OFFICE OF INSPECTOR GENERAL

RISK ASSESSMENT OF THE MILLENNIUM CHALLENGE CORPORATION'S FISCAL YEAR 2015 CHARGE CARD PROGRAMS

REPORT NO. M-000-17-002-C
DECEMBER 9, 2016

WASHINGTON, DC

December 9, 2016

Ms. Dana J. Hyde
Chief Executive Officer
Millennium Challenge Corporation
1099 14th Street NW
Washington, DC 20005-2221

Dear Ms. Hyde:

This letter transmits the final report, "Risk Assessment of the Millennium Challenge Corporation's Fiscal Year 2015 Charge Card Programs." The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP (CLA) to conduct a risk assessment of MCC's purchase and travel card programs. CLA analyzed the risk of illegal, improper, or erroneous purchases and payments for fiscal year 2015 to help guide OIG's future audits of the programs, in compliance with the Government Charge Card Abuse Prevention Act of 2012 (Public Law 112-194) and OMB Memorandum M-13-21, "Implementation of the Government Charge Card Abuse Prevention Act of 2012." CLA concluded that the risk of illegal, improper, or erroneous purchases and payments in MCC's charge card programs was low. CLA was not required to conduct the review in accordance with generally accepted government auditing standards.

In carrying out its oversight responsibilities, OIG reviewed CLA's risk assessment and supporting documentation. This assessment was not intended to enable OIG to express, and we do not express, an opinion on MCC's charge card programs. CLA is responsible for the attached risk assessment, dated October 14, 2016, and the conclusions in it. However, our review disclosed no instances in which CLA did not comply, in all material respects, with applicable standards. The risk assessment report does not contain any recommendations; however, other issues are discussed in appendix I of the report.

Thank you for the cooperation and assistance extended to our staff and to the staff of CLA during the risk assessment.

Sincerely,

/s/

Donell Ries
Deputy Assistant Inspector General
for the Millennium Challenge Corporation

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**Risk Assessment Report of
the Millennium Challenge Corporation
Fiscal Year 2015
Charge Card Programs**

**Performed by
CliftonLarsonAllen LLP**

**for
United States Agency for International Development
Office of Inspector General**

October 14, 2016

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Risk Assessment Report of the
Millennium Challenge Corporation (MCC)
Fiscal Year 2015 Charge Card Programs
Summary

CliftonLarsonAllen LLP (CLA) was engaged by the United States Agency for International Development (USAID) Office of Inspector General (OIG) to conduct a risk assessment of MCC's FY 2015 charge card programs. The risk assessment is not an audit and therefore not conducted in accordance with generally accepted government auditing standards (GAGAS).

CLA considered MCC purchase, travel, and fleet card programs' sizes, internal controls, training, reported violations,[1] observation reviews, and limited sample testing in assessing the charge card programs' risks. The result of our risk assessment should not be interpreted to conclude that charge card programs with low risk are free of illegal, improper, or erroneous purchases and payments. Equally, a high risk charge card program should not be interpreted to indicate actual or known illegal, improper, or erroneous purchases and payments. Accordingly, the risk assessment documented herein is to be used primarily to assist the OIG in evaluating the specific charge card program where the OIG should focus its limited resources.

Our assessment result shows that the risk of illegal, improper, or erroneous use in the MCC charge card programs is low. Exceptions that we noted during our testing are included in Appendix I. MCC's management was provided an opportunity to comments on the draft audit report, and responded that it has no comments.

Background

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law (P.L.) 112-194, which reinforced the Administration's efforts to prevent fraud, waste, and abuse of Government-wide charge card programs. The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards,[2] and centrally billed accounts[3].

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[1] The Charge Card Act requires violations to be reported if the agency spends more than $10 million annually. However, all executive departments and agencies are required to implement the Charge Card Act's required internal controls for purchase cards, travel cards, and centrally billed accounts.

[2] The integrated card is a combination of two or more business lines on a single card (e.g., purchase and travel). MCC employed separate charge cards (small purchase, travel, and fleet) based on business functions and did not combine separate business lines as integrated cards. Further, GSA issues Government charge cards under the umbrella of its SmartPay2 program. Under the program, MCC selected the Citibank "Visa" card for its purchase, travel, and fleet card services (collectively referred to as charge card programs throughout this report).

[3] Centrally billed accounts were not separately assessed. They were assessed as part of the overall travel card process and controls. MCC centrally billed accounts consist only of employee airfares.

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Overview

The Charge Card Act and Office of Management and Budget (OMB) Memorandum 13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012,* requires the Office of Inspector General (OIG) to conduct periodic risk assessments of an agency's purchase (including convenience checks) and travel card programs that identify and analyze the risks of illegal, improper, or erroneous purchases and payments for use by the OIG in determining the necessary scope, frequency, and number of periodic IG audits or reviews of these programs.

Scope, Methodology, and Assessment Criteria

Our objective was to assess the risk of illegal, improper, and erroneous use of the charge card programs to help the OIG in evaluating the necessary scope, frequency, and number of periodic OIG audits or reviews of these programs.

Scope

Our risk assessment considered MCC's internal and compliance controls and processes at the time of our review and the charge card disbursements in Fiscal Year (FY) 2015 shown in Table 1.

Table 1: FY 2015 Charge Card Disbursements

Charge Card Type	Number of Cardholders	FY 2015 Disbursements (Rounded)
Small Purchase	20	$582,000
Travel	214	$3,800,000
Fleet	1	$800
Total	235	$4,382,800

Methodology

In conducting the risk assessment, we:

- Reviewed the laws, regulations, and MCC policies and procedures identified below;
- Obtained an understanding of the MCC charge card programs and processes through walkthroughs and interviews;
- Reviewed test results of MCC's FY 2015 OMB Circular A-123, Appendix B;
- Ensured that MCC charge card disbursements data used in our analysis were complete by reconciling it to the disbursement amount reported in the government-wide account statement for FY 2015;

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- Analyzed charge card data attributes,[4] relevant to our risk assessment, and
- Judgmentally selected a limited number of the FY 2015 charge card data, supporting documentation, and other relevant information represented in Table 1 for the purpose of confirming our understanding of MCC's compliance with internal controls relevant to our risk assessment. CLA, however, did not perform an audit to independently verify or validate the data obtained (Table 1) from MCC.

We performed our risk assessment between December 2015 and March 2016.

Assessment Criteria

The risk assessment was conducted using following laws, OMB guidance, MCC policies and procedures (collectively referred to laws and regulations) as criteria in assessing MCC's compliance:

- Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), P.L. 112-194
- OMB Memorandum M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*
- OMB Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*
- OMB Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs* (January, 2009 version)
- MCC Charge Card Program Standard Operating Procedures (August, 2013 version)
- MCC Charge Card Management Policy (May, 2012 version)

In addition, we analyzed MCC's charge card programs' Strengths, Weaknesses, Opportunities, and Threats (SWOT)[5], as applicable, to the following:

Internal and Compliance Controls – Using the laws and regulations listed above, we assessed MCC's charge card programs' internal and compliance control strengths (S) and weaknesses (W). A rating of "low" "medium", or "high" was assigned based on documented compliance with prescribed internal control.

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[4] Travel card and purchase card attributes included travel related authorizations, financial transactions and supporting documentation. For purchase cards attributes included purchase card authorizations, financial transactions and supporting documentation.

[5] SWOT: (S) internal controls (entity level control, control activity, control techniques) are designed and operating effectively to meet its control objectives; (W) internal controls (entity level control, control activity, control techniques) are not designed and operating effectively to meet its control objectives; (O) elements that the program could exploit to its advantage; (T) elements in the environment that could cause trouble for the programs.

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Training – The charge card programs were assigned a rating of "low", "medium", or "high" based on compliance and availability of training and incorporation of training in each program policy.

Violation Reporting – Violation reports were considered only when a charge card program expends in excess of $10 million per year.[6] MCC's charge card program did not meet the minimum requirement for reporting violations; therefore it was assigned no rating, as shown in the result of risk assessment section of this report.[7]

The three factors above are referred to as criteria risk factors used to assess the combined criteria risk rating for each of the purchase card, travel card, and fleet card programs. Table 2 was used to assess the rating for each criteria risk factor (violations reporting was excluded) at either "low," "medium," or "high". Table 3 was used to assess the combined criteria risk factor for each card program at either "low," "medium," or "high".

Table 2: Internal and Compliance Controls and Training Criteria Factors

Rating	Internal and Compliance Controls	Training
Low	Policies and procedures are in place with no more than one exception noted.	No testing exceptions noted.
Medium	Policies and procedures have some deficiencies and/or two to five testing exceptions were noted.	Testing exceptions of 5 percent or less were noted.
High	Policies and procedures have some deficiencies and/or over five testing exceptions were noted.	Testing exceptions over 5 percent were noted.

Table 3: Combined Criteria Risk Rating

		Internal and Compliance Controls Factor		
		Low	Medium	High
	High	Medium	High	High
Training Factor	Medium	Low	Medium	Medium
	Low	Low	Low	Low

Impact and Likelihood - Impact refers to the extent to which a risk factor (Threat) might affect MCC, and the likelihood represents the possibility that a risk factor might occur. The two risk factors are used to assess the combined risk rating for each of the

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[6] OMB M-13-21, Implementation of the Government Charge Card Abuse Prevention Act of 2012, September 6, 2013.
[7] If MCC had met the threshold requirement, then MCC's process regarding this reporting requirement criteria would have been assessed and provided a risk rating.

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card programs. Table 4 was used to assess the rating for each risk factor at either "low," "medium," or "high". Table 5 was used to assess the combined risk rating for each card program at either "low," "medium," or "high".

Table 4: Impact and Likelihood Risk Factors

Rating	Impact	Likelihood
Low	Less than $3 million	Fewer than 100 cardholders
Medium	$3 million to $10 million	100 to 200 cardholders
High	More than $10 million	More than 200 cardholders

Table 5: Impact and Likelihood Combined Risk Rating

		Likelihood Factor		
		Low	Medium	High
Impact Factor	High	Medium	High	High
	Medium	Low	Medium	Medium
	Low	Low	Low	Low

This table exhibits how impact and likelihood ratings were analyzed to determine a combined "factor" risk rating used in the overall risk assessment heat table shown in Table 6 below for each purchase card, travel card, and fleet card programs.

Overall Risk Assessment Heat Table

Using the assessment criteria described above, CLA combined the impact and likelihood ratings (Table 5) and the combined criteria (internal and compliance control and training criteria) ratings (Table 3) to form an overall risk assessment heat table which is used in evaluating the result of our risk assessment. We use green color for low risk, yellow for medium risk, and red for high risk in the heat table shown in Table 6. For example, if the impact and likelihood rating is high and the combined criteria rating is low, the overall risk assessment rating will be medium (yellow), which is the intersection between the two ratings as shown in Table 6 below.

Table 6: Overall Risk Assessment Heat Table

		Combined Criteria Risk Rating		
		Low	Medium	High
Impact and Likelihood Combined Risk Rating	High	Medium	High	High
	Medium	Low	Medium	Medium
	Low	Low	Low	Low

Table 6 was used to determine the overall risk for each charge card program (Travel, Purchase and Fleet) based on the results of our assessment of the combined factors

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rating (Impact and Likelihood) and our assessment of the combined criteria risk rating as it pertains to each charge card program.

Result of Risk Assessment

The result of our risk assessment showed that the risk of illegal, improper, or erroneous purchases and payments in MCC's charge card programs is low. The individual charge card program assessment results are described below.

Travel Card Program

Criteria Ratings – CLA determined that MCC's travel card program's combined criteria risk rating was "low." The individual rating and combined rating are shown in Table 7.

Table 7: Travel Card Program Criteria Ratings

Criteria	Risk Rating
Internal and Compliance Controls	Low
Training	Medium
Violation Reporting	None
Combined Criteria Risk Rating	Low

MCC has established policies and procedures to address the Travel Card program. Our testing noted a minor internal control issue finding concerning a centrally-billed travel card where the accounting system is still showing the prior MCC Travel Manager as the card holder even though the prior Travel Manager is no longer an authorized user of the card account. As a result, we assessed the internal and compliance controls criteria as low risk. Our testing also identified one instance out of ten where the cardholder did not take the required refresher training, which is a repeat finding from last year. MCC's own testing, which was performed as required by OMB Circular A-123, Appendix B, identified that MCC had a system weakness because MCC had not fully implemented its travel card database to allow it to track training requirements. However, MCC officials stated that MCC had migrated all of the information into a database effective October 1, 2015. As a result, we have increased the training criteria risk rating to medium. Considering the overall results and that the training issue was for refresher training and not for the initial training, we determined the combined rating to be low.

Impact and Likelihood Factor – In FY 2015, the MCC travel card program expended approximately $3.8 million and had 214 active cardholders (211 individual travel cardholders and 3 centrally billed card accounts). The impact and likelihood factor is shown in Table 8.

Table 8: Travel Card Program Impact and Likelihood Ratings

Factors		Rating
Impact	$3.8 million	Medium
Likelihood	214 cardholders	High
Combined Risk Rating		Medium

Final Risk Assessment Determination – The Overall Risk Assessment Heat Table (Table 6) was used to arrive at the final determination of the risk of illegal, improper, or erroneous purchases and spending in the MCC travel card program as "low."

Purchase Card Program

Criteria Ratings – CLA determined that MCC purchase card program's combined criteria risk rating was "medium." The individual rating and overall combined rating are shown in Table 9.

Table 9: Purchase Card Program Criteria Ratings

Criteria	Risk Rating
Internal and Compliance Control	High
Training	Medium
Violation Reporting	None
Combined Criteria Risk Rating	Medium

MCC has established policies and procedures to address the Purchase Card program. Our purchase card transaction testing noted the following:

- For 21 of 33 transactions tested, there were issues regarding the following: pre-approvals of the purchases were missing, approved by an unauthorized official, approved after the purchase was made, or the approval document was missing. It should be noted that the reconciliation process is a mitigating control that should identify improper purchases.
- For 33 of the 33 transactions tested, the timeliness of the reconciliation could not be verified (repeat finding). MCC's requirement is to conduct the reconciliation within five business days after the end of the charge card statement period.
- For 3 of the 33 transactions tested, MCC was unable to provide supporting documentation (i.e., invoice) that could be traced to disbursement data (repeat finding). In one of those cases, MCC indicated that it could not identify the transaction to the purchase card transaction report. This issue needs to be addressed with the credit card vendor.

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- For 1 of the 33 transactions tested, a convenience check was used to make the purchase against the credit card account, which did not include the signature of the Approving Official or another authorized individual. However, there was pre-approval documentation for this purchase.
- For 1 of the 33 transactions tested, the purchase cardholder did not complete the refresher training course as required by OMB (repeat finding).

MCC's own testing, which related to A-123, Appendix B, identified similar exceptions. As a result, we assessed the internal and compliance controls criteria as high risk and training as medium risk.

Impact and Likelihood Factors – In FY 2015, the MCC purchase card program expended approximately $582,000, which was attributed to 20 total cardholders. The impact and likelihood factors are shown in Table 10.

Table 10: Purchase Card Program Impact and Likelihood Ratings

Factors		Risk Rating
Impact	$ 582,000	Low
Likelihood	20 cardholders	Low
Combined Risk Rating		Low

Final Risk Assessment Determination – The Overall Risk Assessment Heat Table (Table 6) was used to arrive at the final determination of risk of illegal, improper, or erroneous purchases and spending in the MCC purchase card program as "low."

Fleet Card Program

Criteria Ratings – CLA determined that MCC fleet card program's combined criteria risk rating was "low." The individual rating and overall combined rating are shown in Table 11.

Table 11: Fleet Card Program Criteria Ratings

Criteria	Risk Rating
Internal and Compliance Controls	Low
Training	Low
Violation Reporting	None
Combined Criteria Risk Rating	Low

MCC has established policies and procedures to address the Fleet Card program. Our testing of 2 out of 22 fleet card transactions resulted in no exceptions. As a result, we assessed the internal and compliance controls and the training as low risk.

Impact and Likelihood Factor – In FY 2015, the MCC fleet card program expended approximately $800, which was attributed to only 1 cardholder. The impact and likelihood factors are shown in Table 12.

Table 12: Fleet Card Program Impact and Likelihood Ratings

Factors		Risk Rating
Impact	$800	Low
Likelihood	1 cardholder	Low
Combined Risk Rating		Low

Final Risk Assessment Determination – The Overall Risk Assessment Heat Table (Table 6) was used to arrive at the final determination of the risk of illegal, improper, or erroneous purchases and spending in the MCC fleet card program as "low."

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, VA
October 14, 2016

Fiscal Year 2015 Charge Card Testing Exceptions

Travel Card Testing

We judgmentally selected 10 out of 2,438 travel card transactions that accounted for $72,224.24 out of the total travel card cost $3,802,126.57. We tested both the airfare and travel costs for each traveler and noted the following non-compliance issues:

TC-1: For 1 of 10 travel card transactions, error rate: 10% ($4,173.40 out of $72,224.24 sample population), the travel card holder noted within the accounting system was the previous MCC Travel Manager, who left MCC in May 2014 prior to this transaction taking place, instead of the current MCC Travel Manager.

Criteria: The *Government Charge Card Abuse Prevention Act of 2012*, Section 3 (h) Management of Travel Cards, states,

> (1) REQUIRED SAFEGUARDS AND INTERNAL CONTROLS — The head of each executive agency that has employees that use travel charge cards shall establish and maintain the following internal control activities to ensure the proper, efficient, and effective use of such travel charge cards:
>> (H). Each executive agency ensures that the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the employee (or, in the case of a member of the uniformed services, upon separation or release from active duty or full-time National Guard duty).

TC-2: For 1 of 10 travel card transactions, error rate: 10%, ($7,505.00 out of $72,224.24 sample population,), the travel card holder did not complete the refresher General Services Administration (GSA) training course as required by the Office of Management and Budget (OMB). The most recent GSA Travel Card Training certificate received by the card holder was dated August 22, 2012. MCC subsequently provided an updated certificate of training for the cardholder, which was completed on January 27, 2016.

Criteria: OMB Circular A-123, Appendix B (Revised 1/15/09), *Improving the Management of Government Charge Card Programs*, Chapter 3 – Training, 3.4 states,

> The general training requirements for all charge card programs are:
> - All program participants must be trained prior to appointment;
> - All program participants must take refresher training, at a minimum, every 3 years;
> - All program participants must certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions. Agencies will determine the method of certification; and

- Copies of all training certificates must be maintained pursuant to U.S. National Archives and Records Administration (NARA) requirements, General Records Schedule 1. Item 10a.

MCC Charge Card Program Standard Operating Procedures (SOP), Section 8.2 and MCC *Charge Card Management Policy*, Section 7.B.2. both state,

> The applicant must complete the following steps prior to receipt of a government Travel Card: (1) complete online Travel Card training and provide proof of certification verifying the completion of the training; (2) complete a Travel Card application and include his or her signature; and (3) read and sign an acknowledgement of understanding of MCC Policy on Government Travel Cards.

Suggestions:

We suggest that the Department of Administration and Finance:

1. Update information in Oracle to ensure that the current Travel Manager is identified as the authorized user of the centrally-billed travel card account.
2. Update the *MCC Charge Card Program Standard Operating Procedures (SOP)* and *MCC Charge Card Management Policy* to address training requirements for the travel card holders every three years.
3. Improve management control to monitor the travel card training of employees to ensure that MCC employees are compliant with OMB policies and procedures under OMB Circular A-123, Appendix B.

Purchase Card Testing

We judgmentally selected 33 out of 813 purchase card transactions to test which accounted for $154,699.40 out of the total $581,873.23 in purchase card costs and noted the following non-compliance issues:

PC-1: For 21 of 33 purchase card transactions, error rate: 64%, ($30,400.35 out of $154,699.40 sample population), the purchase card memorandum (pre-approval form) was missing the approving official (AO)'s signature (4 Samples), was approved by someone other than the AO (3 Samples), signed by the AO after the purchase was already made (7 Samples), or the document was missing (7 Samples).

Criteria: *MCC Charge Card Program Standard Operating Procedures (SOP)*, Section 5.1 Six Steps in the Buying Process, states,

> **Step 1: Define the Requirement**
> The first step in the buying process is for the Cardholder to ensure that the requirement has been clearly defined. Requesting offices must give

Cardholders their requirements in writing. Requirements are normally submitted to the Cardholder on MCC Pre-Approval Purchase Card Request Form. The MCC Pre-Approval Purchase Card Request Form is an internal document that communicates to the buyer or Cardholder the request for goods or services. The form informs the Cardholder what is to be purchased and provides other pertinent information useful for the Cardholder in the procurement process. The Cardholder must ensure that the document reflects the commitment and their Approving Official (AO) has signed it. The AO signature confirms that the items on the list are for official use only and that adequate funding is available.

PC-2: For 33 of 33 purchase transactions, error rate: 100%, ($154,699.40 out of $154,699.40 sample population), there was no evidence of monthly purchase card statement being reconciled by the cardholder and AO within 5 business days after the end of charge card statement period. MCC was unable to track for the current monthly statement to determine whether the reconciliation has been completed or not, but there is no cumulative documentation maintained to assess how well the cardholders and AOs are doing in meeting this reconciliation requirement.

Criteria: *MCC Charge Card Program Standard Operating Procedures (SOP)*, Section 6.2 Statement Reconciliation, states,

> Cardholders (authorized card users) and AOs must complete the statement reconciliation process within five days following the end of the statement period.

PC-3: For 3 of 33 purchase transactions, error rate: 10%, ($12,432.88 out of $154,699.40 sample population,), MCC was unable to provide supporting documentation (i.e., no invoice) that could be traced to the general ledger disbursement data. In addition, one of the purchase transactions for $107.88 could not be found in the purchase card transaction report.

Criteria: *MCC Charge Card Program Standard Operating Procedures (SOP)*, Section 5.8 Maintaining Your Records, states,

> Keep all necessary information on each purchase charge card transaction, in accordance with FAR 4.805. At a minimum, you must have the following information:
> - The item purchased (including a description, unit number and quantity)
> - The amount of the purchase
> - The name of the merchant
> - The date you received the item purchased
>
> Remember you must keep your receipts and supporting documentation for three years after final payment. Annotate any receipts that are too general

in the product description area so that it is very clear what you purchased. Agency procedures will tell you how long you must keep your documentation on your purchases. Failure to retain records can result in excess administrative burden when you attempt to reconcile your monthly invoice statement. You are responsible for keeping all documentation on your purchases.

PC-4: For 1 of 33 purchase transactions, error rate: 3%, ($1,966.67 out of $154,699.40 sample population), a convenience check was processed. However, the check only had the cardholder's signature, but was missing the signature of the AO or another authorized individual.

Criteria: *MCC Charge Card Program Standard Operating Procedures (SOP)*, Section 7 Convenience Checks, Section 7.1.B. Procedures, states,

> The check writer will follow the below procedures when using convenience checks:
> - Obtain the signature of the AO, or other authorized individual, on the check **(note: checks require two signatures);**

PC-5: For 1 of 33 purchase transactions, error rate: 3%, ($361.73 out of $154,699.40 sample population,), the purchase cardholder did not complete his/her refresher GSA training course as required by OMB. The cardholder's GSA training certificate expired and was due for training as of April 1, 2014. However, the training was not completed prior to her leaving MCC on June 27, 2015.

Criteria: OMB Circular A-123, Appendix B (Revised 1/15/09), *Improving the Management of Government Charge Card Programs*, Chapter 3 – Training, 3.4 states,

> The general training requirements for all charge card programs are:
> - All program participants must be trained prior to appointment;
> - All program participants must take refresher training, at a minimum, every 3 years;
> - All program participants must certify that they have received the training, understand the regulations and procedures, and know the consequences of inappropriate actions. Agencies will determine the method of certification; and
> - Copies of all training certificates must be maintained pursuant to U.S. National Archives and Records Administration (NARA) requirements, General Records Schedule 1. Item 10a.

MCC Charge Card Program Standard Operating Procedures (SOP), Section 1.5 Training Requirements and Delegation of Authority, states,

> MCC staff must complete training prior to being appointed as a purchase cardholder or approving official. Refresher training is required every three

years for AO's and staff members delegated charge card authority to ensure compliance and understanding of MCC charge card internal operating procedures (this plan). The Agency Program Coordinator (APC) will monitor all refresher training requirements and inform card participants when training is due.

Suggestions:

We suggest that the Department of Administration and Finance:

1. Revise the *MCC Charge Card Program Standard Operating Procedures* to provide an alternative means for the Approving Official to document the purchase approval when the Approving Official is not physically available to sign the purchase. In addition, it should be revised to require the Approving Official to report to the Agency/Organization Program Coordinator (A/OPC) any instance where documented approval was not obtained prior to the purchase being made by the cardholder. Based on that information, the A/OPC can take appropriate corrective action to address the issue.
2. Develop and implement a process to ensure that MCC has the capability to monitor and track the cardholders' and Approving Officials' compliance with the reconciliation requirement. MCC should also consider revoking a purchase card as a control in those cases where non-compliance occurs.
3. Revise the *MCC Charge Card Program Standard Operating Procedures* to require the Approving Official to report to the A/OPC any instance where the purchase was not properly supported by the cardholder. Based on that information, the A/OPC can take appropriate corrective action to address the issue.
4. Continue to research sample #12 and recover the $107.88 in funds for that credit card payment.
5. Instruct the A/OPC to stress the importance of the second signature requirement for convenience checks to cardholders with convenience check capability.
6. Improve management control for monitoring the purchase card training of employees to ensure that MCC employees are compliant with OMB policies and procedures under OMB Circular A-123, Appendix B.

Other Matters to be Reported

MCC's management stated that the SOP was amended to allow an additional 15 days to complete charge card reconciliations before MCC would place the individual cardholder's charge card on hold. This new requirement implemented by MCC raised a concern with the auditors who in turn brought this matter to the attention of MCC. In response, MCC's management stated that although there is no specific Federal time requirement for completing the reconciliations MCC is considering reducing this requirement from 45 to 30 days.