



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### FINAL MEMORANDUM

**DATE:** June 10, 2022

**TO:** Inter-American Foundation, President and Chief Executive Officer, Sara Aviel

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

**SUBJECT:** OIG Risk Assessment of the Inter-American Foundation Charge Card Program for Fiscal Years 2021 and 2020 (0-IAF-22-011-S)

Dear Ms. Aviel:

The purpose of this memorandum is to inform you of the results of the Office of Inspector General's (OIG's) risk assessment of the Inter-American Foundation's (IAF) fiscal years (FYs) 2021 and 2020 charge card program, as required by the Government Charge Card Abuse Prevention Act of 2012 (P.L. No 112-194) (Charge Card Act) and Office of Management and Budget Appendix B to Circular No. A-123, "A Risk Management Framework for Government Charge Card Programs", August 27, 2019 (OMB Appendix B). The Charge Card Act requires each OIG to conduct periodic risk assessments of their agency's charge card program to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. OIGs will use these risk assessments to determine the necessary scope, frequency, and number of audits or reviews of the program.

Based on our risk assessment, we determined that the charge card program poses a low risk to IAF and the agency did not exceed the \$10 million in charge card spending; therefore, an audit of the program is not necessary. We found that the agency has policies and procedures in place that address the applicable charge card internal control requirements identified in the Charge Card Act and related OMB Appendix B. We also found that the agency has adequate monitoring and reconciliation procedures to reduce the risk of illegal, improper, and erroneous purchases in the charge card program. However, we found two instances of noncompliance with OMB Appendix B related to the lack of a risk profile and a metrics and benchmarking program for the charge card program for FYs 2021 and 2020. These issues do not change or impact the risk level.

We conducted this assessment following internally established OIG policies that govern the planning, conducting, and reporting of this work product. Those policies require that the assessment team be competent and independent, conduct its work using reasonable care, and follow established quality control procedures. Those policies also require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in

accordance with our assessment objectives. We believe that the evidence obtained provides that reasonable basis.

To assess the risk of illegal, improper, and erroneous purchases from the purchase cards (including convenience checks and fleet cards), combined integrated cards, travel cards, and centrally billed accounts as part of IAF's FYs 2021 and 2020 charge card program, we reviewed IAF's Charge Card Management Plan and relevant documents to verify the agency's internal controls and the elements required under OMB Appendix B.

Furthermore, we interviewed IAF's Chief Operating Officer and the Finance and Budget Officer to follow up on any changes to the program and obtain an understanding of the agency's efforts to monitor and reconcile charge card data as they relate to risks of illegal, improper, and erroneous purchases. Additionally, we reviewed data in detail, such as cardholders and active cards; and calculated total travel and purchase expenses made in FYs 2021 and 2020.

We also inquired about cases related to IAF's charge card program from the OIG Office of Investigations. Our efforts did not identify any instances of misuse of the government charge cards or illegal purchases made on the part of IAF.

To address the instances of noncompliance identified in the memo, we recommend that IAF's President and Chief Executive Officer:

**Recommendation 1:** Develop a risk profile in coordination with the annual strategic review and revise the Charge Card Management Plan to include the OMB's requirement regarding the development of a risk profile for the charge card program.

**Recommendation 2:** Revise the Charge Card Management Plan to include OMB's requirement regarding a metrics and benchmarking program for its government charge card program.

In finalizing the memo, we considered your comments on the draft and included them in their entirety in the attachment. The memo contains two recommendations to improve IAF's compliance with OMB Appendix B. After reviewing information, you provided in response to the draft memo, we consider recommendations 1 and 2 resolved but open pending completion of planned activities. For recommendations 1 and 2, please provide evidence of final actions to OIGAuditTracking@usaid.gov.

We appreciate the assistance you and your staff provided to us during this engagement.

Attachment



**MEMORANDUM**

**TO:** Alvin Brown, Deputy Assistant Inspector General for Audit

**FROM:** Lesley Duncan, Chief Operating Officer /s/

**DATE:** May 18, 2022

**SUBJECT:** Corrective plan following OIG Risk Assessment of the Inter-American Foundation Charge Card Program for Fiscal Years 2021 and 2020 (0-IAF-22-011-S)

This memorandum provides actions planned to address the recommendations contained in the Office of Inspector General's (OIG's) risk assessment (0-IAF-22-011-S) of the Inter-American Foundation's (IAF) fiscal years (FYs) 2021 and 2020 charge card program, dated May 5, 2022.

**Recommendation 1:** Develop a risk profile in coordination with the annual strategic review and revise the Charge Card Management Plan to include the OMB's requirement regarding the development of a risk profile for the charge card program.

*Response:* IAF agrees with the recommendation. The agency participates in the GSA SmartPay Program, through a shared service agreement with the Bureau of Fiscal Services, Department of Treasury. As articulated by OMB Circular A-123, Appendix B, "A Risk Management for Government Charge Card Programs" (August 27, 2019) Chapter 3, Section 3.5, we are neither a CFO-Act agency nor have a "higher risk" charge card program. Accordingly, we will contact OMB's OFFM for guidance on the establishment of a metrics and benchmarking program.

Target date: 6/30/2022

**Recommendation 2:** Revise the Charge Card Management Plan to include OMB's requirement regarding a metrics and benchmarking program for its government charge card program.

*Response:* IAF agrees with the recommendation. Based on the consultation above, IAF will revise our FY22 Charge Card Management Plan to reflect a metrics and benchmarking program for its government charge card program.

Target date: 7/30/2022