



INSPECTOR GENERAL

DENALI COMMISSION
OFFICE OF INSPECTOR |GENERAL
ANCHORAGE, ALASKA 99501

MEMORANDUM

DATE: June 24, 2019

TO: Jason Hoke
Federal Co-Chair, Denali Commission

Alicia Siira
Executive Director Associated General Contractors of Alaska

Julie E. Kitka
President, Alaska Federation of Natives

Nils Andreassen
Executive Director, Alaska Municipal League

Dr. Jim Johnsen
President, University of Alaska

Vince Beltrami
Executive President, Alaska State AFL-CIO

Dr. Tamika L. Ledbetter
Commissioner Governor's Office, State of Alaska

FROM: Dana Rooney
Interim Inspector General

SUBJECT: Risk Assessment of the Denali Commission's Charge Card Program (Report No. 2019.01)

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

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

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card program and SBC followed up on and closed an open recommendation from a prior travel audit.

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

While we determined the risk of the charge card programs was low, the assessment should not be interpreted to mean that the programs are free from illegal, improper, or erroneous purchases and payments or that the risk assessment will remain unchanged.

We appreciate the courtesy and cooperation extended to my contractors during the risk assessment.

Attachment

cc: Corrine Eilo, Chief Financial Officer



S B & C O M P A N Y, L L C
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Internal Audit Risk Assessment of the Denali Commission's Charge Card Program

To the Office of Inspector General and the Denali Commission

We conducted a risk assessment of the Denali Commission's (Commission) purchase and travel card program to assess the risks of illegal, improper, or erroneous purchases and payments associated with the Commission's purchase and travel card program. We also reviewed the annual amount of purchase and travel card spending during Fiscal Year (FY) 2018, the number of cardholders, internal control processes and procedures, and the results of prior reviews and audits.

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and Office of Management and Budget's (OMB) implementing guidance require each Office of Inspector General to perform periodic risk assessments of agency purchase card and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. Where annual travel card spending for an agency exceeds \$10 million, the Charge Card Act and OMB M-13-21 require periodic audits or reviews of the agency's travel card program. Each OIG must also submit an annual purchase and travel card audit recommendation status report to OMB. Below is a summary of the actions taken during FY 2018 to fulfill these requirements, as well as additional information on our related work.

For FY 2018, the Commission reported there were two purchase card holders with expenditures totaling \$133,651, and fifteen travel card holders with expenditures totaling \$135,232. The Commission did not meet the threshold of \$10 million in purchase card spending. While the balances of activity are lower than the \$10 million threshold, we completed an audit of the purchase card program with no findings (See Appendix A).

The Commission also did not meet the threshold of \$10 million in travel card spending. However, during FY 2018, the OIG completed an audit of the Commission's travel card program, Final Report No. DCOIG-18-004-A, Titled "*Improvements are Needed in the Denali Commission Government Travel Program*," and issued its report in September 2018 in which the OIG made one recommendation to strengthen internal controls in the Commission's purchase card program. During FY 2019, the Commission implemented, and we closed the recommendation (see Appendix B).

Based on the audit work completed in FY 2018, implementation of recommendations, and relatively low volume of purchases and low number of cardholders, we concluded that the risk of illegal, improper, or erroneous purchases and payments through the Commission's purchase and travel card programs during FY 2018 was low.

Appendix A

Objective, Scope, and Methodology

The audit covered charge and travel card transactions for FY 2018. The Commission had two charge cards during the beginning of our audit work. Audit fieldwork took place in November 2018 and June 2019.

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

To accomplish our audit objectives, we obtained an understanding of the Commission's purchase card program to include the design, implementation, and operating effectiveness of internal controls, compliance with the Commission's governing policies and procedures, and compliance with applicable laws, regulations, and provisions. We conducted interviews and key Commission personnel and inspected relevant supporting documentation. Based on our initial risk assessment, we designed the audit procedures to assess the internal controls' operating effectiveness, to review specific attributes of the programs, and to determine compliance with the identified laws, regulations, and provisions governing the program. After completion of our testing, the results were analyzed, summarized and discussed with the key personnel involved in overseeing the programs. Our procedures included checking for the cardholder signature and approvals by appropriate officials, examining receipts, reviewing obligation documents and travel authorizations and checking for compliance with Commission policies such as timeliness of submission of expense reports and payment, limits on amounts spent and examining travel requests to be sure they were in accordance with FTR's.

We obtained lists of all card holders for the charge card programs. For the charge cards, we selected all 2 card holders for transaction testing and requested their training certificates and selected 27 transactions for testing. We had no exceptions in testing.

Appendix B

Status of Government Travel Card Audit Recommendations

Card Type	Recommendation	Status
Travel	We recommend the interim Federal Co-Chair of the Commission direct Commission travel oversight officials to ensure that non-contract carrier and chartered air service travel are properly justified and approved in accordance with the FTR.	Closed