



INSPECTOR GENERAL

DENALI COMMISSION
OFFICE OF INSPECTOR |GENERAL
ANCHORAGE, ALASKA 99501

MEMORANDUM

December 8, 2020

TO: John Torgerson
Interim Federal Co-Chair, Denali Commission

Dr. Tamika L. Ledbetter
State Co-Chair, Alaska Department of Labor and Workforce Development
Commissioner

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

FROM: Roderick Fillinger
Inspector General

SUBJECT: Risk Assessment of the Denali Commission's Charge Card Program

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.

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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 card and travel card programs.

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



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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) 2020, 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 2020 to fulfill these requirements, as well as additional information on our related work.

For FY 2020, the Commission reported there were two (2) purchase card holders with expenditures totaling \$47,364, and ten (10) travel card holders with expenditures totaling \$34,838. 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.

Based on the audit work completed in FY 2018 and FY 2019, 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 2020 was low.



Appendix A

Objective, Scope, and Methodology

The audit covered charge and travel card transactions for FY 2020. The Commission reported there were two (2) purchase card holders with expenditures totaling \$47,364, and ten (10) travel card holders with expenditures totaling \$34,838. Audit fieldwork took place in November 2020.

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 program. For the charge cards, we selected all card holders for transaction testing and requested their training certificates and selected 20 transactions for testing. We had no exceptions in testing.

We obtained lists of all card holders for the travel card program. For the charge cards, we selected all card holders for transaction testing and selected 20 transactions for testing. We had no exceptions in testing.