

**Internal Control Assessment
FSA's Credit Card Purchases Separation of Duties**

Purpose

To ensure that proper internal controls exist regarding FSA's purchase card program for small purchases and the extent that FSA adheres to policies, procedures, and federal regulations and laws.

Background

In accordance with the General Accounting Office's (GAO) *Standards for Internal Controls in the Federal Government*, FSA must ensure separation of duties to reduce the risk of error, waste, or wrongful acts. Separate individuals should be responsible for the following areas:

- Authorization of purchases
- Approval & recording of transactions
- Issuing and receiving assets
- Making payments
- Reviewing and reconciliation of the monthly general ledger activities

FSA must ensure that duties and responsibilities should be assigned systematically to different individuals to ensure that the necessary checks and balances exist. No one employee should have total control over all aspects of a transaction. Managers should also exercise appropriate oversight to ensure that individuals don't exceed or abuse their assigned responsibilities.

Internal Control Standard

FSA must ensure that separate individuals are responsible for the authorization of credit card purchases, receiving of goods or services, and the payment for the goods or services.

Assessment of FSA's Compliance*

We performed random tests of credit card transactions to determine if authorization, receipt of goods or services and payment was done by separate individuals. Based on the random tests, we realized that some transactions lacked the supervisor's or manager's authorization before the goods or services were purchased.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.