

# Office of Inspector General U.S. Government Accountability Office Report Highlights

May 27, 2014

## FINANCIAL MANAGEMENT

### Additional Actions Needed to Ensure Accountability over Undercover Funds

#### Objective

This report addresses the extent to which GAO has implemented effective controls to ensure accountability of undercover funds primarily spent in fiscal year 2012.

#### What OIG Found

In fiscal year 2012, FAIS used two primary methods to access funds to support its undercover activities: a credit union checking account and undercover charge cards. OIG found no evidence of fraud or waste regarding undercover funds, but did identify areas for improvement in financial management controls. Controls were ineffective in preventing and identifying use of appropriated funds for which the period of availability had expired. As a result, we found that FAIS investigative staff improperly used and retained fiscal year 2011 funds in fiscal years 2012 and 2013. In addition, we identified other conditions that increased the risk for fraud, waste, and mismanagement of FAIS undercover funds, such as undercover purchases occurring prior to requisite management approval and gaps in policies and procedures for ensuring accountability over undercover funds. In response to our audit, FM made accounting adjustments to remedy *bona fide* need violations and implemented procedures to mitigate future risk, including periodic reviews of controls over FAIS transactions. FAIS has revised its policies and procedures for undercover funds, which are in the final phase of review prior to issuance and intends to train its staff following issuance.

#### What OIG Recommends

OIG recommends that the Comptroller General direct the FAIS Managing Director to expeditiously complete efforts to update and implement policies and procedures applicable to safeguarding undercover funds and ensuring compliance with appropriations law, and to train FAIS staff upon completion. Additionally, we recommend the inclusion of FAIS, as the primary office responsible for developing and maintaining GAO's forensic audit and investigative policies and procedures, in GAO Order 0010.1, *Government Accountability Office (GAO) Orders, Operational Directives, and Manuals*, to help ensure that FAIS policies and procedures are updated, as needed. GAO and FAIS have taken or initiated actions to address our recommendations.

