



November 24, 2020

MEMORANDUM NO:
OIG-O-21-01

To: Kimberly A. Reed
President and Chairman

From: Jennifer Fain 
Acting Inspector General

Subject: Risk Assessment of EXIM's Government Purchase Card Program

INTRODUCTION

This memorandum presents the results of our risk assessment of the Government Purchase Card (GPC) program at the Export-Import Bank of the United States (EXIM or Agency). The Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act),¹ with guidance issued by the Office of Management and Budget (OMB),² requires Federal agencies to establish and maintain safeguards and internal controls for purchase and travel cards. The Charge Card Act also requires the Office of Inspector General (OIG) of each executive agency to conduct periodic assessments of agency purchase card, convenience check, and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases and payments. The objective of this risk assessment was to determine the scope, frequency, and number of audits of these programs. The relevant OMB guidance does not prescribe how OIGs should conduct the risk assessments; therefore, we based our methodology and conclusions on our professional judgment.

SCOPE AND METHODOLOGY

We completed a risk assessment of EXIM's GPC program (collectively, purchase cards and convenience checks), which covers the period October 1, 2018 through September 30, 2019. As prescribed by the Charge Card Act, audits or reviews of travel card programs are only required when an executive agency expends more than \$10 million in the prior year. EXIM had \$1.1 million in travel expenses for fiscal year (FY) 2019. Therefore, we did not include the Agency's Government Travel Card (GTC) program as part of the assessment. To

¹ Pub. L. No. 112-194 (Oct. 5, 2012).

² For transactions prior to August 27, 2019, the operative guidance is OMB Memorandum M-13-21 (Sep. 6, 2013) and OMB Circular No. A-123, Appendix B (Jan. 15, 2019). For transactions subsequent to that date, the operative guidance is OMB Circular No. A-123, Appendix B (Aug. 27, 2019). The 2019 revision to Appendix B rescinded the prior 2009 version of the appendix and OMB Memorandum M-13-21. The assessment involves transactions spanning both time periods.

address the objective of the risk assessment, we reviewed applicable federal laws such as the Charge Card Act and OMB requirements; as well as EXIM’s applicable policies, procedures and guidelines, and related documents. We also interviewed agency officials to gain an understanding of the program. We did not review individual transactions given the limited scope of the risk assessment.

We conducted the assessment from June 2020 through November 2020 at EXIM headquarters in Washington, DC. This risk assessment was not an audit and therefore, it was not conducted in accordance with generally accepted government auditing standards. Accordingly, the results of the risk assessment should not be interpreted to conclude that EXIM’s purchase card program is free of illegal, improper, or erroneous use or internal control deficiencies.

RESULTS

We determined that EXIM’s risk of illegal, improper, or erroneous purchases and payments within the GPC program is low. The low risk assessment was based on (1) the total amount of the purchase card and convenience check transactions; (2) a review of the program’s policies, procedures, and internal controls; (3) a review of the OIG Risk Assessment Tool completed by the Agency; (4) a review of the cardholders and approving officials’ training certificates; and (5) interviews of EXIM officials responsible for ensuring compliance with all applicable regulations and requirements and the day-to-day operations of the GPC program.

Overall, we determined that the purchase card expenditures were immaterial in comparison to the Agency’s total FY 2019 administrative expenditures. Additionally, we found the Agency’s policies, procedures, and internal controls for the GPC program to be generally sufficient. Although no longer required, EXIM submitted its Charge Card Management Plan (Plan) to OMB on January 31, 2020.³ The Plan contained the required elements outlined in the January 2009 revision of Appendix B.⁴

The Agency is in the process of updating the Plan, renamed as *Internal Controls*, to better align with EXIM’s risk management practices for the GPC program pursuant to the latest revision of Appendix B, made effective August 27, 2019.⁵ It has pursued efforts specifically towards compliance with other significant revisions set forth in the latest guidance including: (1) implementation of the required training on data analytics tools, techniques and reports tailored for EXIM; (2) utilization of all relevant reporting tools and embarking on a more streamlined reporting process (e.g., use of Smart Pay 3 reporting support, etc.); (3) utilization of Category Management and Strategic Sourcing initiatives; and (4) implementation of current sustainability and environmental purchasing requirements. EXIM management affirmed that the GPC program was in compliance with the latest revision of Appendix B as of September 30, 2020. Determining whether EXIM was in compliance with the latest revision was not within the scope of this risk assessment; however, we plan to include it in our next risk assessment.

³ OMB Circular No. A-123, Appendix B (Aug. 27, 2019).

⁴ OMB Circular No. A-123, Appendix B (Jan. 15, 2009).

⁵ *Supra* note 3.

Since the risk was low, we do not intend to include an audit of EXIM's GPC program in our workplan for FY 2021. Future audit needs for the GPC and GTC programs will be based on the results of our periodic risk assessment.

Risk of Improper Use in the Purchase Card Program was Low

We determined that the risk of illegal, improper, or erroneous use in EXIM's GPC program for the period of October 1, 2018 through September 30, 2019 was low based on:

- The total amount of purchase card and convenience check transactions: EXIM incurred only \$584,067 in purchase card charges as compared to the Agency's total administrative expenditures of \$106.4 million incurred in FY 2019.⁶ The purchase card charges were deemed to be immaterial as it represented less than one percent of the Agency's total administrative expenditures.
- GPC program policies, procedures, and internal controls: We found the policies, procedures, and internal controls to be sufficient and compliant with the requirements of applicable OMB guidance.⁷ For example, OMB guidance requires the charge card managers to ensure that the agency has policies in place that require managers to review charge card reports as necessary. It should be noted that EXIM is in the process of updating its Plan (renamed as *Internal Controls*) to better align with EXIM's risk management practices for the government charge card program pursuant to the latest revision of Appendix B.⁸

In FY 2019, EXIM's Treasurer's office implemented the new Budget Object Codes established in FY 2018 to facilitate better tracking of purchase card use and funding availability by division. This change effectively enhanced the GPC program's financial controls and improved budgetary records. For example, to ensure that the funding for the program is compliant with the requirements of the Treasurer's office, card holders are provided with a budget each fiscal year. Additionally, a completed requisition and the commitment of funds is required prior to each purchase by the card holder. Logs that track the availability of funding are also submitted with the card holder's monthly expenses.⁹

- EXIM's cardholders' and approving officials' training: We reviewed the roster of cardholders' and approving officials' training certificates. Each active cardholder and approving official had current training certificates that were generally in compliance with OMB guidelines.¹⁰
- EXIM's responses to the OIG Risk Assessment Tool: We reviewed EXIM's responses to the OIG Risk Assessment Tool and interviewed the Head of Contracting Activities and the current Agency/Organizational Program Coordinator. We confirmed that

⁶ EXIM [FY 2019 Annual Report](#), Statement of Net Costs, p. 51 (Mar. 31, 2020).

⁷ *Supra* note 4.

⁸ *Supra* note 3.

⁹ EXIM Charge Card Management Plan (Jan. 28, 2020).

¹⁰ "Active" is defined as having a purchase card account during the risk assessment review period.

EXIM's policies, procedures, internal controls, as well as, compliance with OMB guidelines were generally sufficient.

CONCLUSION

We conclude that the risk of illegal, improper, or erroneous purchases and payments in EXIM's GPC program is low. Therefore, an audit of the GPC program will not be included in EXIM OIG's annual work plan for FY 2021. Future audit needs for the GPC and GTC programs will be based on the results of our periodic risk assessment.

We thank the EXIM staff for their cooperation. If you should have any questions, please contact me at (202) 565-3439 or jennifer.fain@exim.gov or Courtney Potter at (202) 565-3976 or courtney.potter@exim.gov. You can obtain additional information about the EXIM OIG and the Inspector General Act of 1978, as amended, at www.exim.gov/about/oig.