



September 30, 2021

**MEMORANDUM NO:**  
**OIG-O-21-02**

**To:** James G. Burrows, Jr.  
Acting President and Chair of EXIM Board of Directors

**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),<sup>1</sup> as implemented by Office of Management and Budget (OMB) Circular No. A-123, Appendix B,<sup>2</sup> 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 risk 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.<sup>3</sup> We also assessed EXIM's compliance with the provisions of Appendix B.

## SCOPE AND METHODOLOGY

We completed a risk assessment of EXIM's GPC program (collectively, purchase cards and convenience checks) for fiscal year (FY) 2020. We did not assess the Agency's travel card program. As prescribed by the Charge Card Act, audits of travel card programs are only required when an agency expends \$10 million in the prior year.<sup>4</sup> EXIM had \$534,411 in

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<sup>1</sup> Pub. L. No. 112-194 (Oct. 5, 2012).

<sup>2</sup> OMB Circular No. A-123, Appendix B, *A Risk Management Framework for Government Purchase Card Programs* (Revised Aug. 27, 2019).

<sup>3</sup> *Supra* n. 2. Appendix B of the circular does not prescribe how OIGs should conduct the risk assessments; therefore, we based our methodology and conclusions on our professional judgment.

<sup>4</sup> *Supra* n. 1, Section 3(h)(3),

travel expenses for FY 2020. Therefore, we did not include the Agency's Government Travel Card (GTC) program as part of the assessment.

During our last risk assessment, EXIM management asserted that the GPC program complied with the latest revision of Appendix B of OMB Circular No. A-123.<sup>5</sup> However, determining whether EXIM complied with the latest revision was not within the scope of that assessment. Therefore, a review of EXIM's compliance with Appendix B was included in this assessment.

To accomplish 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 understanding of the program. We did not review individual transactions given the limited scope of the risk assessment.

Due to the COVID-19 pandemic, we conducted the risk assessment remotely, between June 2021 and September 2021. This risk assessment was not an audit and therefore, it was not conducted in accordance with generally accepted government auditing standards. 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

Overall, we determined that EXIM's risk of illegal, improper, or erroneous use within the GPC program is low. Further, the Agency's purchase card expenditures were deemed immaterial in comparison to its total FY 2020 administrative expenditures. The low risk assessment was based on: (1) the total amount of the purchase card transactions; (2) a review of the program's policies, procedures, and internal controls; (3) the OIG Risk Assessment Tool completed by EXIM; (4) a review of the cardholders' and approving officials' training certificates; (5) a review of the cardholders' monthly bank statements against the reconciliations performed by EXIM; and (6) interviews of EXIM officials responsible for ensuring compliance with all applicable regulations and requirements and the day-to-day operations of the GPC program.

Additionally, we found the policies, procedures, and internal controls for the GPC program to be generally sufficient. Although no longer required, EXIM submitted its Charge Card Management Plan to OMB on January 28, 2021.

Notwithstanding the low risk assessment, we identified some areas where EXIM could strengthen the GPC program. Specifically, EXIM needs to: (1) ensure all purchase card holders and approvers timely complete required training; and (2) ensure the responsibilities of the Agency Organizational Program Coordinator (AOPC) and OMB requirements are fulfilled. Currently, we do not intend to conduct an audit of EXIM's GPC. However, we will base future audits of the GPC and GTC programs on the results of our periodic risk assessment.

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<sup>5</sup> See EXIM OIG's memorandum report on Risk Assessment of EXIM's Government Purchase Card Program, [OIG-O-21-01](#), (November 24, 2020).

**GPC Program Risk Remains Low**

We determined that the risk of illegal, improper, or erroneous use in EXIM’s GPC program for the period of October 1, 2019 through September 30, 2020 was low based on:

- The total amount of purchase card transactions: EXIM incurred only \$602,273 in purchase card charges as compared to the Agency’s total administrative expenditures of \$126.9 million incurred in FY 2020.<sup>6</sup> The purchase card charges were deemed to be immaterial as they represented less than one percent of the EXIM’s total administrative expenditures. Further, our review of cardholders’ monthly bank statements against the reconciliations performed by EXIM noted no differences for the FY 2020 transactions.
- GPC program policies, procedures, and internal controls: We found the policies, procedures, and internal controls to be sufficient and generally compliant with applicable OMB guidance. For example, OMB guidance requires charge card officials to ensure that the agency has policies in place that require charge card managers to routinely review charge card reports, as necessary. EXIM Charge Card Management Plan was updated to better align with EXIM’s risk management practices for the GPC program pursuant to the latest revision of Appendix B.<sup>7</sup>
- EXIM’s cardholders’ and approving officials’ training: We reviewed the roster of cardholders and approving officials who completed training during FY 2020. The Agency has a total of 30 cardholders; 17 card holders completed training; however, 13 cardholders did not complete the FY 2020 annual training as required. EXIM officials are aware of this and, moving forward, will ensure that all individuals within the GPC complete the required training.
- 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. We confirmed that EXIM’s policies, procedures, internal controls, as well as compliance with OMB guidelines were generally sufficient.

**Compliance with Appendix B**

We found that EXIM has implemented some revisions of Appendix B to OMB Circular No. A-123, such as the Charge Card Management Plan for the GPC program was revised to include a robust section on *Internal Controls* and the Agency now uses GSA Advantage as a part of its strategic sourcing initiative. However, the program is not yet in full compliance with the latest revision of Appendix B. For example, EXIM has not completed: (1) implementation of the required training on data analytics tools, techniques, and reports tailored for the Agency; (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.); and (3) implementation of current sustainability and environmental purchasing requirements.

EXIM management stated that these efforts were not completed largely in part due to the lack of a consistent AOPC. An employee was assigned to carry out AOPC duties and comply

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<sup>6</sup> EXIM [FY 2020 Annual Report](#), Statement of Net Costs, p. 83.

<sup>7</sup> EXIM Charge Card Management Plan (Jan. 24, 2021).

with OMB requirements after the former AOPC left the agency in less than a year of having been hired. The Agency intends to assign full-time AOPC responsibilities to a recently hired Contracting Officer. EXIM management affirmed its understanding of the importance of complying with the latest guidance and plans to continue working towards the implementation of the significant revisions in FY 2022.

### **Recommendations**

To further strengthen the GPC program, we recommend that EXIM ensure:

1. All purchase card holders and approvers timely complete required training.
2. The responsibilities of the AOPC and OMB requirements are fulfilled.

### **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 2022. Future audit needs for the GPC and GTC programs will be based on the results of our periodic risk assessment. This memorandum contains two recommendations for corrective action.

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](mailto:jennifer.fain@exim.gov) or Courtney Potter at (202) 565-3976 or [courtney.potter@exim.gov](mailto: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](http://www.exim.gov/about/oig).