



Management Advisory: Risk Assessment of EXIM's Government Purchase Card and Travel Card Programs



OIG-O-24-06
March 28, 2024

Office of Inspector General
Export-Import Bank of the United States



MEMORANDUM

To: Courtney Chung
Senior Vice President and Chief Management Officer

From: Eric Rivera
Assistant Inspector General for Audits

Subject: Management Advisory: Risk Assessment of EXIM's Government Purchase Card and Travel Card Programs (OIG-O-24-06)

Date: March 28, 2024

This management advisory presents the results of the Export-Import Bank of the United States (EXIM), Office of the Inspector General (OIG) risk assessment of government purchase card and travel card programs at EXIM. The objective of this assessment was to identify and analyze the risk of illegal, improper, or erroneous purchases and payments in order to determine the scope, frequency, and number of audits of agency purchase card, convenience check¹, and travel card programs.

OIG assessed the overall risk of illegal, improper, or erroneous purchases and payments in EXIM's purchase card, convenience check, and travel card programs as moderate. This report contains four recommendations. The recommendations will be closed upon completion and verification of the proposed actions.

OIG appreciates the cooperation and courtesies provided during the risk assessment. If EXIM has any questions, please do not hesitate to contact me at (202) 565-3219 or eric.rivera@exim.gov.

¹ Convenience checks are part of the purchase card program. More specifically, convenience checks are a payment and/or procurement tool intended only for use with merchants that do not accept purchase cards and for other authorized purposes where charge cards are not accepted. Per EXIM policy, convenience checks should be used as a payment method of last resort, only when no reasonable alternative merchant is available who accepts the charge card.

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SUMMARY OF REVIEW

The Export-Import Bank of the United States (EXIM), Office of Inspector General (OIG) conducted risk assessment of government purchase card and travel card programs at EXIM. The objective of this assessment was to identify and analyze the risk of illegal, improper, or erroneous purchases and payments in order to determine the scope, frequency, and number of audits of agency purchase card, convenience check, and travel card programs.

OIG assessed the overall risk of illegal, improper, or erroneous purchases and payments in EXIM's purchase card, convenience check, and travel card programs as moderate. OIG identified potential risks which include: (1) cardholder training is not adequately tracked and individuals do not meet training due dates; (2) cardholder activity status is not adequately tracked, therefore, it is not clear if cards are properly deactivated when individuals leave the agency; (3) policies are outdated and inconsistent related to the micro-purchase threshold, Office of Management and Budget (OMB) reporting requirements, and training requirements; (4) purchase and travel card Agency/Organization Program Coordinators (A/OPC) do not ensure consistency on the implementation of policies and procedures; (5) EXIM's training system provides training certificates when the U.S. General Services Administration's (GSA) training is not completed; and (6) OMB Circular No. A-123, Appendix B requirements were not implemented related to the use of data analytics, sustainability and environmental purchasing requirements, maintaining narrative and statistical reports for agency's own use, and reporting statistical data to the GSA's Center for Charge Card Management.

OIG issued four recommendations to improve EXIM's management of the purchase and travel card programs. OIG also determined that an audit of these programs should be performed within the next two-to-three years.

BACKGROUND

The Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act),² as implemented by OMB Circular No. A-123, Appendix B,³ requires federal agencies to establish and maintain safeguards and internal controls for purchase and travel cards. The Charge Card Act also requires the OIG of each executive agency to conduct periodic risk assessments of agency purchase card, convenience check, and travel card programs. To accomplish the fiscal year (FY) 2023 risk assessment, OIG reviewed the Charge Card Act and OMB requirements, as well as EXIM's applicable policies, procedures, and guidelines.⁴ OIG interviewed A/OPCs to gain

² Pub. L. No. 112-194 (Oct. 5, 2012).

³ OMB Circular No. A-123, Appendix B, *A Risk Management Framework for Government Purchase Card Programs* (Revised Aug. 27, 2019).

⁴ EXIM policies, procedures, and guidelines include *Charge Card Management Plan* (Jan. 2023), *Purchase Card Policy* (Dec. 8, 2022), *Purchase Card Procedures Guidebook* (Feb. 2022), *Assignment and Use of Government Travel Cards* (Jan. 4, 2012).

an understanding of the programs. OIG also reviewed purchase and travel cardholder transactions and training certificates. OIG completed the risk assessment at EXIM Headquarters between October 30, 2023, and March 28, 2024. This risk assessment was conducted in accordance with the Charge Card Act.

EXIM’s purchase card program gives cardholders the ability to purchase supplies and services on behalf of EXIM, which otherwise must be purchased by acquisition personnel. For example, the purchase card simplifies the acquisition process for purchasing supplies and services at and below the \$10,000 micro-purchase threshold, facilitates receipt of items more quickly, reduces administrative costs, and improves cash management practices. In addition, EXIM staff must use their travel card for all official travel expenses, unless granted an exemption. These programs provide EXIM flexibility and increases the agency’s ability to meet program needs. During FY 2023, EXIM had 915 purchase card credit transactions totaling \$703,384. These transactions included 16 convenience checks totaling \$19,143. It is the agency’s policy to use the Government Travel Card to efficiently manage its official travel expenses. There were also 3,754 travel card credit transactions totaling \$544,945 in FY 2023.

RISK ASSESSMENT APPROACH

To conduct the risk assessment, OIG developed a risk assessment methodology based on the industry standard internal control assessment framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).⁵ OIG identified key purchase card, convenience check, and travel card program control objectives using the criteria identified in the Charge Card Act; OMB Circular No. A-123, Appendix B; and EXIM policies and procedures related to purchase cards, travel cards, and convenience checks.

OIG assigned a risk rating to each control objective based on: (1) the impact that a risk event may pose to the control objectives of the purchase card, convenience check, and travel card programs; and (2) the likelihood that the risk event may occur. The combined risks of impact and likelihood determines the overall risk to the purchase card, convenience check, and travel card programs. Table 1, below, provides the heat map of impact and likelihood levels. Table 2 provides the definitions of risk impact and risk likelihood for the respective risk ratings.

⁵ Committee of Sponsoring Organizations of the Treadway Commission “Risk Assessment in Practice,” Deloitte & Touche, LLP (Oct. 2012).

Table 1: Heat Map of Impact and Likelihood Risk Levels

		IMPACT				
		Incidental	Minor	Moderate	Major	Extreme
LIKELIHOOD	Almost Certain (90 to 100 percent)	Moderate	High	High	Very High	Very High
	Likely (65 to 90 percent)	Low	Moderate	High	High	Very High
	Possible (35 to 65 percent)	Low	Moderate	Moderate	High	High
	Unlikely (10 to 35 percent)	Low	Low	Moderate	Moderate	High
	Rare (0 to 10 percent)	Very Low	Low	Low	Low	Moderate

Source: OIG risk assessment methodology.

Table 2: Definition of Risk Impact and Risk Likelihood

Impact Level	Risk Impact	Likelihood	Risk Likelihood
Extreme	Impact of risk event to key control objective is severe as to require immediate management intervention.	Almost Certain	Risk event is almost certain to occur; likelihood of occurrence is 90 percent up to 100 percent.
Major	Impact of risk event to key control objective is major as to require immediate escalation to or intervention by management.	Likely	Risk event is likely to occur; likelihood of occurrence is 65 percent up to 90 percent.
Moderate	Impact of risk event to key control objective is moderate, but material.	Possible	Risk event is possible to occur; likelihood of occurrence is 35 percent up to 65 percent.
Minor	Impact of risk event to key control objective is minor.	Unlikely	Risk event is unlikely to occur; likelihood of occurrence is 10 percent up to 35 percent.
Incidental	Impact of risk event to key control objective is negligible.	Rare	Risk event is highly unlikely to occur; likelihood of occurrence is less than 10 percent.

Source: OIG prepared definitions based on COSO, "Risk Assessment in Practice," Deloitte & Touche, LLP (October 2012).

To assess the overall risk to the purchase card, convenience check, and travel card programs, OIG grouped and prioritized key control objectives by assigning greater weight to those objectives where a risk event could result in potential disruption of the programs management and/or an improper payment being made if the control objective was not achieved.

Purchase Card Risk Assessment Results

OIG determined the overall risk of illegal, improper, or erroneous purchases and payments for EXIM’s purchase card program was moderate. Based on OIG’s review of purchase card transactions, OIG identified the following potential purchase card risks: (1) possible split purchases; (2) purchases made on weekends; and (3) purchase approval is documented via email. Table 3, below, presents the overall risk levels of key control objectives for EXIM’s purchase card program.

Table 3: Risk Levels for Purchase Card Program

Key Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Level
Policies and procedures for purchase cards existed	50 percent	Incidental	Possible	Low
Card transactions were assessed regularly		Minor	Likely	Moderate
Suspicious card transactions (i.e., improper purchases, split transactions) did not exist		Moderate	Possible	Moderate
Number of card transactions were not excessive		Moderate	Rare	Low
Inactive card accounts were not excessive		Minor	Rare	Low
Cardholders who were not EXIM employees did not exist		Moderate	Rare	Low
Transactions were properly approved		Major	Rare	Low
Ratio of cardholders to approving officials was low		Minor	Rare	Low
Reportable card misuse requiring administrative and/or disciplinary actions did not exist		Moderate	Rare	Low
Previous audit recommendations were addressed		30 percent	Minor	Almost Certain
Cardholder training policies existed	20 percent	Incidental	Unlikely	Low
Cardholders, approving officials, and agency/organization program coordinators received mandatory training		Major	Unlikely	Moderate

Training due dates for cardholders is maintained by management		Minor	Possible	Moderate
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Source: OIG assessment of risks to purchase card control objectives.

Travel Card Risk Assessment Results

OIG also determined the overall risk of illegal, improper, or erroneous purchases and payments for EXIM’s travel card program was moderate. Based on OIG’s review of travel card transactions, OIG identified the following potential travel card risks: (1) airfare on individually billed accounts; (2) missing receipts; and (3) transactions not listed on the travel vouchers. During an interview with the travel card A/OPC, OIG also identified the potential risk that the A/OPC has not completed training recently. Table 4, below, presents the overall risk levels of key control objectives for EXIM’s travel card program.

Table 4: Risk Levels for Travel Card Program

Key Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Level
Policies and procedures for travel cards existed	50 percent	Incidental	Possible	Low
Policy for employee separation and required travel card return existed		Incidental	Rare	Low
Policies for travel authorization and approval existed		Incidental	Rare	Low
Transactions were properly approved		Minor	Possible	Moderate
Number of individual billed account cardholders was not excessive		Minor	Likely	Moderate
Reportable card misuse requiring administrative or disciplinary actions did not exist		Moderate	Rare	Low
Previous audit recommendations were addressed	30 percent	Minor	Almost Certain	High
Cardholder training policies existed	20 percent	Incidental	Unlikely	Low
Cardholders, approving officials, and agency/organization program coordinators received mandatory training		Incidental	Likely	Low

Key Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Level
Training due dates for cardholders is maintained by management		Incidental	Likely	Low

Source: OIG assessment of risks to travel card control objectives.

Convenience Check Risk Assessment Results

OIG determined the overall risk of illegal, improper, or erroneous purchases and payments for EXIM’s convenience check program was moderate. Based on interviews and a review of policies, OIG identified the following potential convenience check risks: (1) no approval process; (2) policies are inconsistent regarding who has authority to use convenience checks; (3) policies do not address the requirements in OMB Circular No. A-123, Appendix B; and (4) the micro-purchase threshold is unclear. Table 5 presents the overall risk levels of key control objectives for EXIM’s convenience check program.

Table 5: Risk Levels for Convenience Checks

Key Objectives	Risk Weight	Risk Impact	Risk Likelihood	Risk Level
Policies and procedures for convenience checks existed	50 percent	Incidental	Almost Certain	Moderate
Suspicious check transactions (i.e., improper purchases) did not exist		Minor	Possible	Moderate
Number of individuals authorized to write convenience checks was not excessive		Moderate	Rare	Low
Number of convenience checks written was not excessive		Moderate	Unlikely	Moderate
Violation of check misuse did not exist		Moderate	Possible	Moderate
Previous audit recommendations were addressed	30 percent	Incidental	Almost Certain	Moderate
Check writer training policies existed	20 percent	Incidental	Almost Certain	Moderate
Check writers, approving officials, and agency/organization program coordinators received mandatory training		Moderate	Likely	High

Source: OIG assessment of risks to convenience check control objectives.

During this risk assessment, OIG reviewed the purchase card, convenience check, and travel card programs. OIG determined the overall risk of illegal, improper, or erroneous purchases and payments for these programs as moderate. Therefore, OIG should perform an audit of these programs within the next two-to-three years. Four recommendations were made to improve the purchase card, convenience check, and travel card programs.

RECOMMENDATIONS

Recommendation 1: The Chief Management Officer should update purchase card, convenience check, and travel card program policies and procedures to ensure training, reporting, and micro-purchase threshold requirements are accurate.

Recommendation 2: The Chief Management Officer should develop and implement a process for tracking purchase and travel cardholder activity status and training due dates.

Recommendation 3: The Chief Management Officer should develop and implement a process to ensure compliance with the requirements of OMB Circular No. A-123, Appendix B, including, but not limited to, convenience checks, data analytics, sustainability and environmental purchasing, maintaining narrative and statistical reports for agency's own use, and reporting statistical data to GSA.

Recommendation 4: The Chief Management Officer should develop and implement a process to ensure that travel vouchers are completed properly.

Management Response: In its March 27, 2024, response, EXIM concurred with all four recommendations.

OIG Reply: OIG considers the four recommendations resolved. The recommendations can be closed when OIG receives and accepts documentation demonstrating that EXIM's Office of the Chief Management Officer developed and implemented the necessary processes and policies and procedures.

APPENDIX A: MANAGEMENT RESPONSE



Helping American Businesses Win the Future

DATE: March 27, 2024
TO: Mr. Eric Rivera, Assistant Inspector General for Audits
THROUGH: Ravi Singh, Acting Senior Vice President & Chief Financial Officer
FROM: Courtney Chung, Senior Vice President and Chief Management Officer
SUBJECT: EXIM Management Response to the draft Report
Risk Assessment of EXIM's Government Purchase and Travel Card Programs (OIG-O-24-06), Dated March, 2024

Dear Mr. Rivera,

Thank you for providing the Export-Import Bank of the United States ("EXIM" or "EXIM Bank") management with the Office of Inspector General's ("OIG") *Risk Assessment of EXIM's Government Purchase and Travel Card Programs (OIG-O-24-06)*, dated March 2024 (the "Report"). EXIM's leadership and management continue to fully support the OIG's work, which we believe complements and enhances EXIM's efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG.

EXIM Bank appreciates the OIG's risk assessment of EXIM's Purchase and Travel Card review. Your recommendations will serve as a guiding framework for implementing necessary measures to safeguard our resources and uphold the integrity of our financial operations.

Regarding the recommendations put forth in this report, EXIM's responses are as follows:

Recommendation 1: The Chief Management Officer should update purchase card, convenience check, and travel card program policies and procedures to ensure training, reporting, and micro-purchase threshold requirements are accurate.

Management response: EXIM concurs with this recommendation. EXIM's Chief Management Officer will update purchase card, convenience check, and travel card program policies and procedures to ensure training, reporting, and micro-purchase threshold requirements are accurate.

Recommendation 2: The Chief Management Officer should develop and implement a process for tracking purchase and travel cardholder activity status and training due dates.

Management response: EXIM concurs with this recommendation. EXIM's Chief Management Officer will develop and implement a process for tracking purchase and travel cardholder activity status and training due dates.

Recommendation 3: The Chief Management Officer should develop and implement a process to ensure compliance with the requirements of OMB Circular No. A-123, Appendix B, including, but not limited to, convenience checks, data analytics, sustainability and environmental purchasing, maintaining narrative and statistical reports for agency's own use, and reporting statistical data to GSA.

Management response: EXIM concurs with this recommendation. EXIM's Chief Management Officer will develop and implement a process to ensure compliance with the requirements of OMB Circular No. A-123, Appendix B, including, but not limited to, convenience checks, data analytics, sustainability and environmental purchasing, maintaining narrative and statistical reports for agency's own use, and reporting statistical data to GSA.

Recommendation 4: The Chief Management Officer should develop and implement a process to ensure that travel vouchers are completed properly.

Management response: EXIM concurs with this recommendation. EXIM's Chief Management Officer will develop and implement a process to ensure that travel vouchers are completed properly.

We look forward to our continued strengthening of our working relationship and working closely with the Office of the Inspector General.

CC:

The Honorable Reta Jo Lewis, President and Chair of the Board of Directors
Brad Belzak, Senior Vice President and Chief of Staff
Hazeen Ashby, Deputy Chief of Staff and White House Liaison
Larry Decker, Senior Advisor to the President and Chair of the Board of Directors
Kenneth Tinsley, Senior Vice President and Chief Risk Officer
James Coughlan, Senior Vice President and General Counsel
Michaela Smith, Director of Audit and Internal Controls Programs
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