



September 19, 2019

**MEMORANDUM NO:**  
OIG-O-19-02

**To:** Inci Tonguch-Murray  
Acting Senior Vice President and Chief Financial Officer

**From:** Jennifer Fain   
Acting Inspector General

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

## INTRODUCTION

This memorandum presents the results of our risk assessment of the Purchase Card Program at the Export-Import Bank of the United States (EXIM or the Bank). The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), as implemented by the Office of Management and Budget (OMB) Memorandum M-13-21 (OMB M-13-21), entitled, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*, requires Federal agencies to establish and maintain safeguards and internal controls for purchase and travel cards. It also requires the Office of Inspector General (OIG) of each agency to conduct annual risk assessments of agency purchase cards (including convenience checks), combined integrated card programs and travel card programs to identify and analyze the risks of illegal, improper, or erroneous purchases. The OIG uses this risk assessment to determine the scope, frequency, and number of audits of these programs. OMB M-13-21 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 Purchase Card Program in fiscal year (FY) 2019. We did not assess the Bank's travel card program. As prescribed by OMB M-13-21, audits of travel card programs are only required when an agency expends \$10 million in the prior year. EXIM had \$774,029 in travel expenses for FY 2018. Because EXIM's travel program did not meet the threshold, a risk assessment to determine the scope frequency, and number of periodic audits was not required.

We conducted the assessment from April 2019 through August 2019 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. The results of the risk assessment should not be interpreted to conclude that the Purchase Card Program is free of illegal, improper, or erroneous use or internal control deficiencies.

## RESULTS

For the period of October 1, 2017 through September 30, 2018, we determined that EXIM's risk of illegal, improper, or erroneous use within the Purchase Card Program was low. 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 the Bank; (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 Purchase Card Program.

Overall, we determined that the purchase card expenditures were immaterial in comparison to the Bank's total FY 2018 administrative expenditures. Additionally, we found the policies, procedures, and internal controls for the Purchase Card Program to be generally sufficient. We also noted that EXIM submitted its Charge Card Management Plan to OMB by the January 31, 2019 deadline. Accordingly, we do not intend to conduct an audit of EXIM's Purchase Card Program. However, we will base future Purchase Card Program audits on the results of our annual 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 Purchase Card Program for the period of October 1, 2017 through September 30, 2018 was low based on:

- The total amount of purchase card transactions: EXIM incurred only \$552,829 in purchase card charges as compared to the Bank's total administrative expenditures of \$121.1 million incurred in FY 2018.<sup>1</sup> The purchase card charges were deemed to be immaterial as it represented less than one percent of the total administrative expenditures.
- Purchase Card Program policies, procedures, and internal controls: We found the policies, procedures, and internal controls to be sufficient and compliant with the requirements of OMB guidance.<sup>2</sup> 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.

In FY 2018, EXIM's Treasurer's office established new Budget Object Codes in each division to facilitate better tracking of purchase card use and funding availability by division. This change was intended to enhance the program's financial controls and budgetary records. 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. Funding tracking logs are also required to be submitted with the card holder's monthly expenses.<sup>3</sup>

- EXIM's cardholders and approving officials training: We reviewed the individual cardholders' and approving officials' training certificates. Each active cardholder

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<sup>1</sup> 2018 EXIM Annual Report

<sup>2</sup> OMB CIR. No. A-123, Appendix B Improving the Management of Government Charge Card Programs

<sup>3</sup> EXIM Charge Card Management Plan

and approving official had current training certificates that were generally in compliance with OMB guidelines.<sup>4</sup>

- EXIM’s responses to the OIG Risk Assessment Tool: We reviewed EXIM’s responses to the OIG Risk Assessment Tool and interviewed both the Agency Program Coordinator and Head of Contracting Activities. We confirmed that 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 use in EXIM’s Purchase Card Program was low. Therefore, an audit of the Bank’s Purchase Card Program will not be included in the OIG’s next annual audit, inspection, and evaluation plan. We will base future audit needs for the Purchase Card Program on the results of our annual 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](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 at [www.exim.gov/about/oig](http://www.exim.gov/about/oig).

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<sup>4</sup> “Active” is defined as having a purchase card account during the risk assessment review period.