


MEMORANDUM

DATE: September 26, 2018

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

FROM: Jennifer Fain
Acting Assistant Inspector General for Audits and Evaluations 

SUBJECT: Risk Assessment of Export-Import Bank's Purchase Card Program

This memorandum presents the results of our risk assessment of the Purchase Card Program at the Export-Import Bank of the United States ("EXIM", "EXIM Bank" or "the Bank"). The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), as implemented by 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.

We completed a risk assessment of EXIM's Purchase Card Program in fiscal year (FY) 2018. 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 \$2 million in travel expenses for FY 2017. 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.

For the period October 1, 2016 – September 30, 2017, 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 amount of purchase card transactions; (2) a review of the program's policies, procedures, and internal controls; (3) a review of cardholder and approving officials training certificates, (4) an OIG Risk Assessment Tool completed by the Bank; and (5) an interview with the EXIM official responsible for the day-to-day

operations of the Purchase Card Program.

Overall, we determined that purchase card expenditures were immaterial in comparisons to the Bank's total FY 2017 administrative expenditures. Additionally, we found the policies, procedures and internal controls for the Purchase Card Program were generally sufficient. We also noted that EXIM submitted its Charge Card Management Plan to the OMB by the January 31, 2018 deadline. Accordingly, we do not intend to conduct an audit specifically of the 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 October 1, 2016 – September 30, 2017 was low based on:

- The amount of purchase card transactions: EXIM incurred only \$841,159 in purchase card charges compared to total administrative expenditures incurred FY 2017 of \$134.7 million. The purchase card charges were immaterial as they represented less than one percent of the total administrative expenditures.
- EXIM's Purchase Card Program policies, procedures, and internal controls: We found these policies, procedures, and internal controls were generally sufficient and appeared to meet the requirements of OMB guidance¹. For example, OMB guidance requires agencies to perform charge card statement reconciliation or transaction reconciliation in a timely manner. EXIM's procedures state that the Approval Official (AO) must perform monthly reconciliations to include a page by page review of the purchase card statements and supporting documentation for all card holders. The purpose of this procedure is to monitor for delinquency, misuse and transaction activities.
- EXIM's cardholders and approving officials training: We reviewed EXIM cardholders and approving officials training certificates. Each active² cardholder and approving official had current training certificates that were generally in compliance with OMB guidelines.
- EXIM's responses to the OIG's Risk Assessment Tool: We reviewed EXIM's responses and interviewed the Agency Program Coordinator and confirmed that EXIM's policies, procedures, internal controls and compliance with OMB guidelines were generally sufficient.

¹ OMB CIR. No. A-123, Appendix B Improving the Management of Government Charge Card Programs

² "Active" is defined as having a purchase card account during the risk assessment review period.

Conclusion

We conclude that the risk of illegal, improper, or erroneous use in EXIM's Purchase Card Program was low. As a result, an audit of EXIM's Purchase Card Program will not be included in the OIG's next annual audit plan. We will base future audit needs for the Purchase Card Program on the results of our annual risk assessment.

This risk assessment was not an audit and therefore 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.

We want to thank EXIM staff for their cooperation. If you have any questions, please contact me at (202) 565 – 3439 or Jennifer.Fain@exim.gov. You can obtain additional information about the Export-Import Bank Office of Inspector General and the Inspector General Act of 1978 at www.exim.gov/oig.