



**EXPORT-IMPORT BANK**  
*of the UNITED STATES*

INSPECTOR GENERAL

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# Memorandum

To: Fred Hochberg, Chairman and President

From: Terry Settle, Assistant Inspector General for Audits *TL*

Subject: Risk Assessment of Export-Import Bank's Purchase Card Program  
(Assignment No. A-16-001-00)

Date: August 30, 2016

This memorandum presents the results of our risk assessment of the Purchase Card Program at the Export-Import Bank of the United States (“EXIM Bank” or “the Bank”). In accordance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, Federal agencies must establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts. The Office of Inspector General (OIG) of each executive agency must conduct annual risk assessments of agency purchase and travel card programs to identify and analyze the risks of illegal, improper, or erroneous use in order to determine the scope, frequency, and number of periodic audits that it may conduct. The results of the risk assessment must be submitted to the head of each agency. The Office of Management and Budget (OMB)<sup>1</sup> implementing guidance does not prescribe how OIGs should conduct the risk assessments; therefore, we based our methodology and conclusions on our professional judgment.

During fiscal year (FY) 2016, we completed a risk assessment of EXIM Bank's Purchase Card Program; however, we did not assess the Bank's travel card program. As prescribed by OMB guidance<sup>2</sup>, audits of travel card programs are only required when an agency expends \$10 million in the prior year. EXIM Bank had \$2.7 million in travel expenditures for FY 2015, which did not meet the threshold for audit. Therefore, a risk assessment to determine the scope, frequency, and number of periodic audits was not required.

For the period May 1, 2014 - September 31, 2015, we determined that EXIM Bank's risk of illegal, improper, or erroneous use within the Purchase Card Program was low. The low risk assessment was based on the amount of purchase card transactions for the period May 1, 2014 through September 30, 2015; a review of the program's policies, procedures, and internal

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<sup>1</sup> OMB M-13-21 Implementation of the Government Charge Card Abuse Prevention Act of 2012

<sup>2</sup> OMB M-13-21 Implementation of the Government Charge Card Abuse Prevention Act of 2012 – Audits for travel cards shall be required only for agencies with \$10 million in prior year travel spending.

controls; an internal control self-assessment prepared by the Bank, and the Bank's actions to address issues noted in the OIG's prior risk assessment. In addition, we interviewed EXIM Bank officials responsible for the oversight of the Purchase Card Program.

Overall, we determined that purchase card expenditures were immaterial in comparison to EXIM Bank's total FY 2015 administrative expenditures. Additionally, while the Chief Acquisition Officer (CAO) position, the leadership position for the Purchase Card Program, has been vacant since June 2015; we found the policies, procedures, and internal controls for the Purchase Card Program were generally sufficient. We also noted that EXIM Bank timely submitted its Charge Card Management Plan to the OMB by the January 31, 2016 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 assessments.

### **Risk of Improper Use in the Purchase Card Program Was Low**

We determined that risk of illegal, improper, or erroneous use in the EXIM Bank Purchase Card Program was low. We identified purchase card charges totaling \$825,606 for the period May 1, 2014 through September 30, 2015. Further, we reviewed the Purchase Card Program's policies and procedures and the OIG's 2014 Risk Assessment of the EXIM Bank's Purchase Card and Travel Card Programs. We also required the Bank to complete an OIG-developed Yearly Risk Assessment Tool. We interviewed and discussed the results of the Risk Assessment tool with the Senior Vice President of the Resource Management Group (SVP of Resource Management) and the Agency Program Coordinator (APC), who is the person responsible for the day-to-day operations of the program. Our risk assessment found that the \$825,606 in purchase card charges were immaterial as they represented less than 1 percent of EXIM Bank's \$131.9 million of administrative expenses for FY 2015. Further, EXIM Bank's Purchase Card Program policies, procedures, and internal controls appeared to meet the requirements of OMB guidance<sup>3</sup>. For example, OMB guidance requires agencies to perform charge card statement reconciliation or transaction reconciliation in a timely manner. EXIM Bank'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 to monitor delinquency, misuse, and transaction activities. The Bank's responses to the OIG's Risk Assessment Tool and the interviews with the SVP of Resource Management and the APC confirmed that the Bank's policies, procedures, and internal controls for the Purchase Card Program were generally sufficient. Lastly, the Bank addressed an issue noted in the OIG's prior year risk assessment by approving and implementing the EXIM Bank Charge Card Management Plan on December 11, 2015 and submitted it to the OMB on January 29, 2016, meeting the January 31st deadline.

While we determined EXIM Bank's risk of improper purchase card use to be low, we identified that the position for the CAO has been vacant since June 2015. We consider this to be an internal control weakness in the Bank's management of the program as the CAO has the overall responsibility for managing the EXIM Bank Purchase Card Program.

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<sup>3</sup> OMB Cir. No. A-123, Appendix B Improving the Management of Government Charge Card Programs

## **Vacant Chief Acquisition Officer Position**

While the CAO position has been vacant since June 2015, the SVP of Resource Management has fulfilled many of the CAO's responsibilities in an acting capacity. The EXIM Bank Charge Card Management Plan assigns overall responsibility of the Purchase Card Program to the CAO. Further, the Charge Card Management Plan requires the CAO to both ensure that the Purchase Card Program complies with applicable regulations and initiate disciplinary actions against card holders for improper card use. According to the acting CAO and current APC, the CAO position remained unfilled because two selectees abandoned job offers. The first selectee declined the offer made during the Bank's lapse in authorization of EXIM Bank's charter. The second withdrew after the Bank lost its administratively determined (AD) pay authority between posting the vacancy announcement and making the offer. Not having a permanent CAO dedicated to ensuring program compliance weakens key Purchase Card Program's internal controls and increases the risks of potential card misuse, waste, and abuse. As a result, the Senior Vice President of the Resource Management Group should take the necessary action to fill the CAO position.

## **Conclusion**

We conclude that the risk of illegal, improper, or erroneous use in EXIM Bank's Purchase Card Program was low. As a result, an audit of EXIM Bank'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 assessments.

To address a concern noted in our previous 2014 Risk Assessment of the EXIM Bank's Purchase Card and Travel Card Programs issued on November 13, 2014, management submitted its Charge Card Management Plan to the OMB by the January 31, 2016 deadline. As a result of our current risk assessment, EXIM Bank should address the vacancy of the CAO position by hiring a qualified candidate or delegate the CAO's Purchase Card Program responsibilities to another senior level official until the vacancy is filled. We recommend that the Senior Vice President of the Resource Management Group take action to appoint a qualified selectee to fill the CAO position as soon as possible.

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 Bank staff for their cooperation. If you have any questions, please contact me at (202) 565-3498 or [terry.settle@exim.gov](mailto:terry.settle@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](http://www.exim.gov/oig).

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