



## **OFFICE OF INSPECTOR GENERAL**

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**U.S. International Development Finance Corporation**

# **DFC Complied with Payment Integrity Information Act of 2019 Requirements in Fiscal Year 2021**

**June 17, 2022**

**Audit Report DFC-22-004-C**

1100 New York Avenue NW  
Washington, D.C. 20527  
<https://www.dfc.gov/oig>



Office of Inspector General

International Development Finance Corporation

## DFC Complied with Payment Integrity Information Act of 2019 Requirements in Fiscal Year 2021

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### What We Reviewed

The U.S. International Development Finance Corporation Office of Inspector General (DFC OIG) contracted with RMA Associates, LLC (RMA) to conduct a review of DFC's compliance with [Payment Integrity Information Act of 2019](#) (PIIA) for fiscal year (FY) ending September 30, 2021. The review was conducted in accordance with 1) the Office of Management and Budget (OMB) Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*; 2) Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guidance for Payment Integrity Information Act Compliance Reviews* (PIIA Guide); and 3) CIGIE's *Quality Standards for Inspection and Evaluation* (Blue Book). Our review period was from March 2022 through May 2022.

We also evaluated DFC's quantitative and qualitative risk assessment and reperformed FY 2020 testing of FY 2021 disbursement data using the same criteria to determine the accuracy of DFC's calculated improper payment rate.

Our objective was to determine if DFC's improper payment reporting in its FY 2021 Annual Management Report (AMR) complied with PIIA.

### What We Found

We determined that DFC was in compliance with PIIA for FY 2021. We also determined DFC's performance in identifying, reducing, and recapturing improper payments to be accurate and complete.

### Recommendations

Our report did not make any recommendations.



**OFFICE OF INSPECTOR GENERAL**

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**U.S. International Development Finance Corporation**

**Date:** June 17, 2022

**MEMORANDUM FOR:** MILDRED O. CALLEAR  
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER  
(CFO)

**FROM:** Anthony "Tony" Zakel  
Inspector General

**SUBJECT:** Final Report – DFC Complied with Payment Integrity  
Information Act of 2019 Requirements in Fiscal Year 2021  
(Project Number DFC-22-004-C)

This report presents the results of our audit of DFC's compliance with the Payment Integrity Information Act of 2019 in fiscal year 2021. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates, LLC to conduct the audit. In carrying out its oversight responsibilities, OIG reviewed RMA's report and related audit documentation and inquired of its representatives. We found no instances in which RMA did not comply, in all material respects, with applicable standards.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact me at 202-408-6246.

Anthony "Tony" Zakel  
Inspector General

Attachment

cc: Scott Nathan (CEO)  
Rebecca Brocato (Chief of Staff)  
Elizabeth Hochberg (OGC)  
Allan Villabroza

William Ellett  
Richard Lukens  
Ryan Zalaskus  
Eric Styles

# United States International Development Finance Corporation

DFC's FY 2021 Compliance with Payment Integrity  
Information Act of 2019

Final Compliance Report

June 17, 2022

**RMA Associates, LLC**

1005 N. Glebe Road, Suite 610

Arlington, VA 22201

Phone: (571) 429-6600

Fax: (703) 852-7272

[www.rmafed.com](http://www.rmafed.com)

June 17, 2022

Anthony Zakel, Inspector General  
Office of Inspector General  
U.S. International Development Finance Corporation

Dear Mr. Zakel,

RMA Associates, LLC (RMA) is pleased to submit our final compliance report over DFC's compliance with Payment Integrity Information Act of 2019 for the fiscal year ending September 30, 2021.

RMA conducted this performance audit in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act Compliance Reviews (PIIA Guide) and CIGIE's Quality Standards for Inspection and Evaluation. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

We very much appreciate the opportunity to serve you and will be pleased to discuss any questions you may have.

Sincerely,



Reza Mahbod, CPA, CISA, CGFM, CICA, CGMA, CDFM, CFE, CDPSE  
President  
RMA Associates, LLC

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## Executive Summary

RMA Associates, LLC (RMA), under the oversight of the U.S. International Development Finance Corporation (DFC) Office of Inspector General (OIG), conducted a review of DFC's compliance with Payment Integrity Information Act of 2019 (PIIA) ([Public Law 116-117](#)) for the fiscal year (FY) ending September 30, 2021 in accordance with 1) the Office of Management and Budget (OMB) Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*; 2) Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guidance for Payment Integrity Information Act Compliance Reviews* (PIIA Guide); and 3) CIGIE's *Quality Standards for Inspection and Evaluation* (Blue Book). Our review period was from March 2022 through May 2022.

We also evaluated DFC's quantitative and qualitative risk assessment and reperformed FY 2020 testing of FY 2021 disbursement data using the same criteria to determine the accuracy of DFC's calculated improper payment rate.

### *What We Concluded*

RMA concluded that DFC was in compliance with PIIA for FY 2021 (**Table 1**). We also determined DFC's performance in identifying, reducing, and recapturing improper payments to be accurate and complete. The report does not make any recommendations.



Table 1: PIIA Compliance Reporting Table<sup>1</sup>

PIIA Compliance	Direct Loans	Investment Guarantees	Insurance	Technical Assistance	Equity	DPA
<b>1a:</b> Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent FY in accordance with Office of Management and Budget (OMB) guidance	✓	✓	✓	✓	✓	✓
<b>1b:</b> Posted the annual financial statement and accompanying materials required under the guidance of OMB on the agency website	✓	✓	✓	✓	✓	✓
<b>2a:</b> Conducted improper payment (IP) risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	✓	✓	✓	✓	✓	✓
<b>2b:</b> Adequately concluded whether the program is likely to make IPs and unknown payments (UP) above or below the statutory threshold	✓	✓	✓	✓	✓	✓
<b>3:</b> Published IP and UP estimates for programs susceptible to significant IPs and unknown payments (UP) in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A
<b>4:</b> Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A
<b>5a:</b> Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A
<b>5b:</b> Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	N/A	N/A	N/A	N/A	N/A	N/A
<b>5c:</b> Developed a plan to meet the IP and UP reduction target	N/A	N/A	N/A	N/A	N/A	N/A
<b>6:</b> Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, [M-21-19](#), March 5, 2021, page 52.

## Background

PIIA ([Public Law 116-117](#)) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the OMB. Payment integrity information is published with the agency's Annual Management Report (AMR) in accordance with payment integrity guidance in [OMB Circular A-136](#). The agency must also publish payment integrity information required in the accompanying materials to the AMR in accordance with applicable guidance. The most common accompanying materials to the AMR are the payment integrity information published on [paymentaccuracy.gov](http://paymentaccuracy.gov). Agency Inspector Generals are to review payment integrity reporting for compliance and issue an annual report.

Guidance addressing PIIA requirements is found in Appendix C to OMB Circular A-123 issued March 5, 2021 ([M-21-19](#)). This Appendix is effective for FY 2021. Each program with annual outlays over \$10 million must conduct an improper payment risk assessment at least once every three years to determine whether the program is likely to have improper payments above the statutory threshold.<sup>2</sup>

The term improper payment means any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement. This includes: 1) any payment to an ineligible recipient; 2) any payment for an ineligible good or service; 3) any duplicate payment; 4) payment for a good or service not received, except for those payments where authorized by law; and 5) any payment that does not account for credit for applicable discounts.

The threshold is determined by statute. Programs are considered to be above the statutory threshold if reporting an annual improper payment and unknown payment estimate above \$10 million and 1.5 percent of the program's total annual outlays or above \$100 million regardless of the associated percentage of the program's total annual outlays that the improper payment and unknown payment estimate represents.<sup>3</sup>

This was DFC's first review of their PIIA compliance. Due to the size of the new agency, DFC worked with OMB to discern PIIA requirements for FY 2020. DFC is required to perform a risk assessment of its programs at least once every three years under Section II.A. Phase 1, Appendix C. DFC conducted its latest risk assessment in FY 2020. DFC identified six programs requiring a risk assessment in compliance with Appendix C: 1) Direct Loans; 2) Investment Guarantees; 3) Insurance; 4) Technical Assistance; 5) Equity; and 6) Defense Production Act (DPA). DFC performed a quantitative and qualitative risk assessment to evaluate risks for these programs and

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<sup>2</sup> Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, [M-21-19](#), March 5, 2021, page 6-7.

<sup>3</sup> Ibid, page 19.

determine the occurrence of IPs. DFC has not conducted a PIIA risk assessment since its inception as a new Federal corporation in December 2019.

### *Qualitative Assessment*

DFC Management assessed eleven risks for the six programs requiring a risk assessment and rated each as low, moderate, or high. After determining individual risk factor ratings, they quantified each rating and determined an overall risk rating for each program. Overall, DFC programs had low-risk ratings, with the exception of two medium-risk programs; Equity, and DPA. The medium rating was primarily due to the uniqueness of the programs because most Federal agencies have programs consisting of either grants or contracts.

Further, DFC had two programs with spending greater than \$100 million in FY 2020, Direct Loans and Investment Guarantees and both were deemed to be low-risk. We performed FY 2021 sample testing on these two programs and found no instances of improper payments.

### *Quantitative Assessment*

During an internal review, DFC management identified one instance of an improper payment in FY 2020 testing, resulting in an overpayment of \$5,818.35. This occurred because of a clerical error as the amount paid did not match the amount approved in the payment request. Since identifying, DFC successfully recaptured this amount. Further, DFC did not meet the statutory threshold for reporting identified by OMB; therefore, this requirement was not applicable.

## **Objectives**

The objective was to determine if DFC's improper payment reporting in its FY 2021 AMR complied with PIIA.

### *Legal Requirements/Compliance with PIIA*

The term "compliance" with PIIA and OMB guidance means that the agency complied with the 10 items listed in 1a through 6 below. If the agency does not meet one or more of these requirements, then it is not compliant.

- **1a:** Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent FY in accordance with OMB guidance;
- **1b:** Posted the annual financial statement and accompanying materials required under the guidance of OMB on the agency website;
- **2a:** Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years;
- **2b:** Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold;

- **3:** Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement;
- **4:** Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
- **5a:** Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
- **5b:** Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate;
- **5c:** Developed a plan to meet the IP and UP reduction target; and
- **6:** Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

## Criteria

RMA conducted the review in accordance with the CIGIE [PIIA Guide](#) and other authoritative guidance such as:

- [Payment Integrity Information Act of 2019](#);
- [CIGIE's Quality Standards for Inspection and Evaluation](#);
- [Improper Payments Elimination and Recovery Act of 2010](#) (IPERA);
- [Federal Improper Payments Coordination Act of 2015](#) (Public Law 114-109);
- [31 U.S.C § 3321](#), Disbursing Authority in the Executive Branch;
- [OMB Circular A-123](#), *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016;
- [OMB Circular A-136](#), *Financial Reporting Requirements*, August 10, 2021; and
- [OMB Memorandum M-21-19](#), *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, March 5, 2021.

## Conclusion

RMA concluded DFC complied with all requirements applicable to the agency for FY 2021 improper payment reporting. According to OMB guidance and the CIGIE PIIA Guide, compliance with PIIA means that the agency met the following six requirements, as appropriate (**Table 2**).

*Table 2: DFC's Appendix C Compliance*

Requirements for PIIA Compliance		DFC Compliance <sup>4</sup>
1a	Published payment integrity information with the annual financial statement and in the accompanying materials to the annual financial statement of the agency for the most recent FY in accordance with OMB Guidance	✓

<sup>4</sup> Requirements 3 through 6 are not applicable due to DFC identifying no programs susceptible to significant improper payment or high priority programs.

Requirements for PIIA Compliance		DFC Compliance <sup>4</sup>
1b	Posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website <sup>5</sup>	✓
2a	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	✓
2b	Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold	✓
3	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	N/A*
4	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A*
5a	Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A*
5b	Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	N/A*
5c	Developed a plan to meet the IP and UP reduction target	N/A*
6	Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A*

\*DFC did not have programs susceptible to significant improper payments based on statutory thresholds listed in OMB Circular A-123, Appendix C, Section C. Moving Between Phases, 1. Statutory Threshold and Phase Determination, (pg. 19).

DFC concluded it has not identified any program that constitutes a high risk for improper payments. As a result, DFC identified no programs susceptible to significant improper payment and assessed all its programs as low to moderate risk of improper payments. We concluded the DFC is compliant with PIIA requirements for FY 2021. Specifically, the DFC is compliant with requirements 1 and 2. Requirements 3 through 6 are not applicable to the agency.

RMA assessed DFC's risk assessment methodology and internal control processes and determined PIIA controls are sufficient and do not incur additional risk. Further, we reperformed DFC's FY 2020 testing on its FY 2021 disbursement data using the same criteria to determine the accuracy of their calculated improper payment rate and identified no instances of improper payments for FY 2021.

## Management Comments

DFC concurred with RMA's report. See **Appendix I** for management's comments in their entirety.

<sup>5</sup> To achieve compliance, the agency must publish any applicable payment integrity information in its annual financial statement in accordance with payment integrity guidance provided in OMB Circular A-136. In addition, the agency must publish any applicable payment integrity information required in the accompanying materials to the annual financial statements in accordance with applicable guidance. The agency's payment integrity information published on [paymentaccuracy.gov](http://paymentaccuracy.gov) is the most common accompanying material to the annual financial statement.

## **Evaluation of Management Comments**

RMA appreciates DFC's collaboration and review of the results and report.

## Appendix I: Management's Comments



### MEMORANDUM

May 26, 2022

TO: Anthony Zakel  
Inspector General  
DFC – Office of the Inspector General

FROM: Mildred Callear MILDRED CALLEAR Digitally signed by MILDRED CALLEAR  
Date: 2022.06.09 12:11:53 -0400  
Vice President and Chief Financial Officer

SUBJECT: DFC's Management Comments to "DFC Complied with Payment Integrity Information Act (PIIA) of 2019 Requirements in Fiscal Year 2021"

DFC wishes to thank the Office of the Inspector General (OIG) for the deep level of collaboration and cooperation that was realized throughout this audit. As stewards of federal funds, DFC takes very seriously its responsibility to uphold high standards of internal control over payment integrity. We greatly appreciate the recognition from the OIG that DFC complied with PIIA for FY 2021 and that the agency's performance in identifying, reducing, and recapturing improper payments was found to be accurate and complete.

While there are no recommendations made in this report, DFC will continue to carefully monitor its internal controls over payment integrity to validate the agency's continued compliance with PIIA and other relevant standards of internal control for federal agencies.

## Appendix II: Scope and Methodology of the Review

The scope of this review focused on the payment integrity section in DFC's FY 2021 AMR and Risk Assessment to determine compliance with PIIA. The review was conducted from March 2022 through May 2022. To achieve the objectives, RMA:

1. Reviewed the payment integrity section of the DFC's FY 2021 AMR and any accompanying material to assess the agency's compliance with PIIA and related OMB guidance.
2. Reviewed information on [paymentaccuracy.gov](https://paymentaccuracy.gov) through the annual OMB payment integrity data call. The information collected through the data call and published on [paymentaccuracy.gov](https://paymentaccuracy.gov) is considered accompanying materials to the financial statement.
3. Reviewed applicable Federal laws, OMB guidance, and agency policy and procedures.
4. Requested source data from the agency used to support applicable payment integrity information in the financial statement and accompanying materials.
5. Analyzed the source data to ensure accuracy and completeness of payment integrity information in the financial statement and accompanying materials.
6. Concluded whether the agency met each of the ten PIIA compliance requirements for each of the reported programs.
7. Determined whether an issue is significant in the context of the agency under review
8. Leveraged any prior or ongoing audits or work in deciding the level of work to do for PIIA compliance review.
9. Identified and reviewed relevant prior work and evaluated whether DFC took appropriate corrective action to address findings and recommendations from any prior engagements that are significant within the context of the objectives.
10. Evaluated the accuracy, completeness, and timeliness of improper payment risk assessments and whether appropriate conclusions were reached in determining if a program was likely to make IPs and/or UPs above or below statutory thresholds.
11. Evaluated the adequacy of the agency's sampling and estimation methodology plans (S&EMP), the accuracy of IP and UP estimates, and whether the sampling and estimation plans used were appropriate given program characteristics.
12. Examined corrective action plans to determine whether they were adequate and focused on the true causes of IPs and UPs, adequately addressing the causes, effects, effectively implemented, prioritized within the agency, and reducing IPs.
13. Evaluated the published reduction targets and whether they were appropriately aggressive and realistic given program characteristics.
14. Reviewed DFC's plan to meet IP and UP reduction targets and focus on the actions the program would take during the following year to meet the IP and UP reduction targets they had established for the following FY.
15. Reviewed published IP and UP estimates, which should be less than 10 percent to be in compliance with PIIA.
16. Obtained an understanding of DFC's internal controls in place for compiling, validating, and reporting the payment integrity information in the AMR and accompanying materials.
17. Assessed the risk of fraud occurring that was significant within the context of the objectives or that could affect the findings and conclusions.



## Appendix III: Sampling Methodology

### Sampling Plan Methodology

To select our sample for testing, we used our proprietary Data Extraction and Analysis Procedures system (DEAPs). DEAPs, designed jointly by our in-house team of data scientists, statisticians, auditors, and CPAs, is a statistical sampling tool that uses mathematical algorithms depending on the input provided.

We reperformed the FY 2020 testing using FY 2021 disbursement data and followed the same criteria to determine the accuracy of DFC's calculated improper payment rate.

### Completeness of DFC's Disbursement Data

RMA reperformed DFC's reconciliation process of Direct Loan and Investment Guarantee disbursement data, used in their FY 2020 testing, using FY 2021 disbursement data pulled from Oracle general ledger (GL). This process consisted of calculating the quarterly and monthly total disbursement amounts and population for Direct Loans and Investment Guarantees for FY 2021 Quarter 1 through Quarter 3 (**Table 3**, **Table 4**, and **Table 5**). We determined that FY 2021 disbursement data was complete and sufficient to select a sample.

*Table 3: FY 2021 Q1 Direct Loans and Investment Guarantees*

FY 2021 Quarter 1 Consolidated Totals		Count
Direct Loan Disbursements	\$1,043,380,000.00	29
Investment Guarantees Claim Payments	\$134,472,162.52	40
<b>Total</b>	<b>\$1,177,852,162.52</b>	<b>69</b>

*Table 4: FY 2021 Q2 Direct Loans and Investment Guarantees*

FY 2021 Quarter 2 Consolidated Totals		Count
Direct Loan Disbursements	\$865,254,545.00	38
Investment Guarantees Claim Payments	\$38,795,050.25	40
<b>Total</b>	<b>\$904,049,595.25</b>	<b>78</b>

*Table 5: FY 2021 Q3 Direct Loans and Investment Guarantees*

FY 2021 Quarter 3 Consolidated Totals		Count
Direct Loan Disbursements	\$155,424,492.90	25
Investment Guarantees Claim Payments	\$36,108,844.94	36
<b>Total</b>	<b>\$191,533,337.84</b>	<b>61</b>

### Sampling Plan

Our sample was selected from DFC's FY 2021 Q1 through Q3 disbursement data for DFC's disbursement programs at a 95 percent confidence level. This universe consisted of 208 disbursements totaling \$2,273,435,095.61.

RMA used the following formula (**Figure 1**) and variables (**Table 6** and **Table 7**) to select a sample.

Figure 1: Sample Formula

<p><b>Formula: sample approximation (<math>n_o</math>) = <math>z^2 * P_h * Q_h / d^2</math></b>  <b>sample size (<math>n</math>) = <math>n_o / (1 + (n_o - 1) / N)</math></b></p> <p><b>Reference: Cochran, W.G., Sampling Techniques (3rd Ed), John Wiley &amp; Sons, New York: 1977</b></p>
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Table 6: Sample Approximation Variable Values

Variable	Value	Explanation
Z	1.96	These values are based on the values used in the referenced sampling plan above. This portrays the number of standard deviations a data point is away from the average.
$z^2$	3.84	
Planning Value ( $P_h$ )	0.003	DFC based this value on historical incidence of 0 percent in FY 2020. This variable represents the occurrence rate of improper payments in DFC's disbursement population for the period tested.
$Q_h = (1 - P_h)$	0.997	Represents the likelihood of improper payments being present in DFC's disbursement population for the period tested.
Precision Level (d)	0.0215	DFC's FY 2020 precision level used. This refers to how close sample values are to each other.
$d^2$	0.000462	

**Sample Approximation Formula**

$$\begin{aligned}
 (n_o) &= z^2 * P_h * Q_h / d^2 \\
 24.86 &= 3.84 * 0.003 * (1 - 0.003) / 0.000462
 \end{aligned}$$

**Sample Size Formula**

$$\begin{aligned}
 (n) &= n_o / (1 + (n_o - 1) / N) \\
 22.30 &= 24.86 / (1 + (23.86 - 1) / 208)
 \end{aligned}$$

Table 7: Sample Size Variable Values

Variable	Value
Sample Approximation ( $n_o$ )	24.86
Sample Size (n)	<b>23</b>
Proportion of Sampled Records	11%

We randomly selected samples using the random procedure in RMA DEAPs. **Table 8** details the population of records and the resulting sample size:

Table 8: Sample Size

Award Type	Population	Sample Size
Disbursement Data	208	23

## Appendix IV: Improper Payment Testing Results

RMA selected a statistically valid sample of DFC's Direct Loan and Investment Guarantee disbursements that occurred during the period FY 2021 Q1 through Q3 and reviewed the following documentation for each sample:

- Disbursement requests from borrowers;
- Wire/transfer instructions; and
- Disbursement request memoranda.

We selected a statistical sample of 23 disbursements to account for the total population. We reperformed the following procedures to determine whether improper payments existed within the sample tested:

1. **Procedure 1:** Determined whether the approved disbursement request agrees with the payment record;
2. **Procedure 2:** Determined whether the payment was made to the approved party on the approved disbursement request;
3. **Procedure 3:** Determined whether the payment recipient was eligible for payment;
4. **Procedure 4:** Determined whether the payment made was for an eligible good or service; and
5. **Procedure 5:** Determined whether the payment was a duplicate.

After selecting 24 samples, DFC management confirmed 4 of the samples were Development Credit Authority (DCA) recoveries, not disbursements. After excluding the DCA recoveries, the sampling methodology determined only needed a statistical sample of 23 to account for the total population. Further, we selected three replacement samples.

RMA performed improper payment testing on a statistically valid sample of Direct Loan and Investment Guaranty disbursements and identified no instances of improper payments. Specifically, of the 27 Direct Loans and Investment Guaranties, 23 samples were identified with no exceptions and 4 samples were not tested as they were identified as DCA collections.

## Appendix V: Glossary of Acronyms and Abbreviations

Table 9 contains definitions of all acronyms and abbreviations used in this report.

*Table 9: Acronyms*

Acronym	Definition
AMR	Annual Management Report
Blue Book	CIGIE's <i>Quality Standards for Inspection and Evaluation</i>
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease 2019
DCA	Development Credit Authority
DEAPs	Data Extraction and Analysis Procedures system
DFC	U.S. International Development Finance Corporation
DPA	Defense Production Act
FY	Fiscal Year
GL	General Ledger
IP	Improper Payment
IPERA	Improper Payments Elimination and Recovery Act of 2010
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
PIIA Guide	CIGIE Guidance for Payment Integrity Information Act Compliance Reviews
RMA	RMA Associates, LLC
S&EMP	Sampling and Estimation Methodology Plans
UP	Unknown Payment