



OFFICE OF INSPECTOR GENERAL
U.S. International Development Finance Corporation

**U.S. International Development Finance Corporation
Fiscal Year 2022 Charge Card Program Audit**

**April 5, 2023
Audit Report DFC-23-003-C**

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



Report Highlights

Office of Inspector General International Development Finance Corporation

U.S. International Development Finance Corporation (DFC) Implemented an Effective Government Charge Card Program for Fiscal Year 2022

What We Reviewed

The U.S. International Development Finance Corporation Office of Inspector General (OIG) contracted with the independent public accounting firm RMA Associates, LLC (RMA) to audit DFC's charge card program in accordance with *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act). The Charge Card Act requires the OIG to conduct periodic reviews of DFC's charge card program for illegal, improper, or erroneous transactions to prevent fraud, delinquency, or misuse.

The objectives of this audit were as follows:

1. Determine the scope, frequency, and number of audits or reviews to be conducted based on a risk assessment.
2. Address the requirements of the Charge Card Act, OMB, and General Services Administration (GSA) requirements and standards.
3. Assess the status of recommendations from the audit of DFC's charge card program for FY 2020 and FY 2021.

What We Found

In its audit of DFC, RMA determined DFC has effectively developed and implemented policies and procedures for its charge card program. As a result, there were no recommendations. RMA concluded that based on the results of their review of the current information, the results of their sample testing, and Appendix B guidance, that the next audit of the charge card program should be in FY 2025 to audit FY 2024 transactions. There were no findings for the FY 2022 audit, all prior year recommendations were closed, and no material differences were identified.



OFFICE OF INSPECTOR GENERAL

U.S. International Development Finance Corporation

Date: April 5, 2023

MEMORANDUM FOR: MR. KERON WHITE
VICE PRESIDENT AND CHIEF ADMINISTRATIVE
OFFICER (CAO)

MS. MILDRED O. CALLEAR
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
(CFO)

FROM: Anthony “Tony” Zakel
Inspector General

SUBJECT: U.S. International Development Finance Corporation’s Fiscal
Year 2022 Charge Card Program Audit (Report Number
DFC-23-003-C)

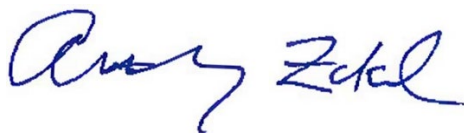
We contracted with the independent public accounting firm of RMA Associates LLC (RMA) to audit the U.S. International Development Finance Corporation’s (DFC) Fiscal Year 2022 Charge Card Program. The contract including reporting on whether DFC management complied with the requirements of the Charge Card Act, Office of Management and Budget, and General Services Administration requirements and standards, determine the scope, frequency, and number of audit or reviews to be conducted based on a risk assessment, and assess the status of prior year recommendations. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards.

In its audit of DFC, RMA concluded that based on the results their review of the current information, the results of their sample testing, and Appendix B guidance, that the next audit of the charge card program should be in FY 2025 to audit FY 2024 transactions. There were no findings for the FY 2022 audit, all prior year recommendations were closed, and no material differences were identified. RMA determined DFC has effectively developed and implemented policies and procedures for its charge card program. As a result, there were no recommendations.

In connection with the contract, we reviewed RMA’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of DFC’s government charge card program in accordance with U.S. generally accepted

government auditing standards, was not intended to enable us to express, and we do not express, opinions or conclusions on whether DFC's government charge card program complied substantially with applicable laws and regulations, addressed prior year recommendations, or when the next audit should be conducted. RMA is responsible for the attached auditor's report dated April 5, 2023 and the conclusions expressed therein. However, our review disclosed no instances where RMA did not comply, in all material respects, with U.S. generally accepted government auditing standards.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact me at 202-873-6422.



Anthony "Tony" Zakel
Inspector General
U.S. International Development Finance Corporation

CC: Scott Nathan (CEO)
Jane Rhee (Chief of Staff)
Jody Myers (Chief Risk Officer)
Alan Villabroza
Jana Brooks
William Ellett
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Courtney Holbrook
Ryan Zalaskus
RMA Associates

**U.S. International Development Finance
Corporation (DFC)**

**DFC Implemented an Effective Government
Charge Card Program for Fiscal Year 2022**

Final Report

Order Number: 140D0421F0244

Date: April 5, 2023

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April 5, 2023

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 report for our fiscal year 2022 performance audit of DFC's government charge card program.

Our scope included testing management plans, testing samples of charge card (purchase and travel) transactions for completeness and accuracy, and conducting a risk assessment.

RMA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, July 2018 Revision, with a Technical Update in April 2021, issued by the Comptroller General of the United States of the Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

Sincerely,

RMA Associates

RMA Associates, LLC
Arlington VA

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Background

The U.S. International Development Finance Corporation (DFC) helps bring private capital to the developing world. DFC was created by the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act). DFC began operations in December 2019, consolidating the functions of its predecessor agencies, the Overseas Private Investment Corporation (OPIC) and the U.S. Agency for International Development's (USAID) Development Credit Authority (DCA). The BUILD Act authorized DFC until October 2025 (seven years).

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) requires Offices of Inspectors General (OIGs) to conduct annual risk assessments of Federal agencies' purchase and travel card programs to mitigate the risk of fraud, misuse, and delinquency. Furthermore, the Office of Management and Budget (OMB) issued guidance that prescribes the policies and procedures regarding how Executive Branch agencies establish and maintain safeguards and internal controls to prevent waste, fraud, and abuse of purchase cards, travel cards, fleet cards, integrated cards, and centrally billed accounts while enhancing program integrity through increased opportunities for community collaboration and transparency. Effective internal controls provide reasonable assurance that significant risks or weaknesses that could adversely impact the agency's ability to meet its objectives are prevented, minimized, or detected in a timely manner.

OMB Circular A-123, Appendix B addresses controls, policies, and practices for the Purchase Card Program. Risk Management controls, policies, and procedures are critical tools for ensuring the efficiency and integrity of the charge card program. These controls, policies, and practices are put in place with the intention of eliminating payment delinquencies, charge card misuse, fraud, and other forms of waste and abuse. In addition, the OMB Circular provides definitions of misuse, fraud, waste, and abuse.

1. Misuse: Unintentional use of a federal charge card for other than the official Government purpose for which it is intended.
2. Fraud: Felonious act of corruption or attempt to cheat the Government or corrupt the Government's agent.
3. Waste: Any activity took with respect to a government charge card that fosters or results in unnecessary costs or other program inefficiencies.
4. Abuse: Intentional use of a government charge card in violation of the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), Agency Supplements, or activity Government Purchase Card (GPC) policies/procedures.

According to the OMB Circular, charge card officials are responsible for the following:

- Implementing the appropriate controls to ensure compliance with Federal laws, Federal and agency regulations, and for monitoring program effectiveness.
- Ensuring that any risk management policies and practices established in the agency's charge card management plan are conducted effectively and that the charge card management plan is updated with enhanced risk management policies and practices, as applicable.

- Ensuring that purchase business line statement reconciliation or transaction reconciliation is in a timely manner.
- Routinely review charge card reports and closely monitor and address delinquencies.
- Coordinate with the agency’s Human Resources Office to ensure that delinquent payments are addressed, and corrective actions are taken to prevent further occurrence.

OMB Circular A-123, Appendix B, also sets forth general training requirements for all charge card program participants. Specifically, all participants must be trained prior to appointment or receiving a purchase card; must take refresher training, at a minimum, every three years; and must certify that they have received the training, understood the regulations and procedures, and knew the consequences of inappropriate actions.

During the audit, RMA obtained the universe and evaluated data transactions for both purchase cards and travel cards over fiscal year (FY) 2022 to assess the risk level associated with DFC’s charge card program (**Table 1**).

Table 1: Size of DFC’s Charge Card Program for FY 2022

Category	Purchase Card	Travel Card ¹
Dollar value of transactions	\$765,615	\$1,241,343
Number of transactions	465	2,775

Objectives

This report presents the results of work conducted by RMA Associates, LLC (RMA) to address performance audit objectives related to DFC’s FY 2022 audit of the government charge card program and risk assessment.

Our objectives for this audit are as follows:

1. **Objective 1:** Determine the scope, frequency, and number of audits or reviews to be conducted based on a risk assessment.
2. **Objective 2:** Address the requirements of the Charge Card Act, OMB, and General Services Administration (GSA) requirements and standards.
3. **Objective 3:** Assess the status of recommendations from the audit of DFC’s charge card program for FY 2020 and FY 2021.

Scope

RMA conducted a purchase card audit for FY 2022 and applicable procedures, certifications, documentation, and controls to achieve this process. Specifically, RMA reviewed the evidence

¹ Includes the Centrally Billed Account.

supporting purchases documented, and reconciled monthly statements by DFC, identifying and quantifying any questioned purchases.

Criteria

Provided below are the relevant criteria upon which the results of our testing are based:

- Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act);
- Travel and Transportation Reform Act of 1998 (P.L. 105-264);
- Executive Order (EO) 11541;
- 31 United States Code (USC) §1111;
- 41 USC §1909;
- 10 USC § 2784;
- OMB Memorandum M-17-26, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda*, June 25, 2017;
- OMB Circular A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, August 27, 2019; and
- Generally Accepted Government Auditing Standards (GAGAS), 2018 Revision, Technical Update April 2021.

Summary of Results

DFC implemented an effective Government charge card program for FY 2022. Per Appendix B to OMB Circular No. A-123, an annual audit is required for executive agencies with more than \$10 million in annual purchases under the charge card program. DFC's charge card program did not surpass the \$10 million threshold for FY 2022. If DFC's charge card program surpasses this amount in future years, an annual audit will be required.

Objective 1: Determine the scope, frequency, and number of audits or reviews to be conducted based on a risk assessment. Given the review of the current information, the results of our sample testing, and Appendix B guidance, we recommend the next audit of the charge card program be in FY 2025 with the auditing of FY 2024 transactions. There were no findings for the FY 2022 audit, all prior year recommendations were closed, and no material differences were identified. RMA determined DFC has effectively developed and implemented policies and procedures for its charge card program. Refer to Appendix II for testing methodology and details.

Objective 2: Address the requirements of the Charge Card Act, OMB and GSA requirements and standards. RMA obtained an understanding of DFC's internal controls over applications, transactions, review and approval, and charge card management. RMA determined the DFC charge card program addresses the Charge Card Act, OMB, and GSA requirements. Refer to Appendix II for testing methodology and details.

Objective 3: Assess the status of recommendations from the audit of DFC's charge card program for FY 2020 and FY 2021. RMA recommends the closure of prior year recommendations from the FY 2020 and FY 2021 audit of DFC's charge card program (See Summary of Findings).

For DFC's FY 2022 OMB A-123 Appendix B assessment, RMA did not identify any findings related to the charge card program.

Appendix II contains a more detailed description of our methodology for achieving our audit objectives.

Prior Year Recommendations

In the audit of the FY 2020 and FY 2021 DFC's charge card program, RMA recommended:

- **Recommendation 1:** The Vice President and Chief Administration Officer develop and implement a preapproval process, the preapproval should be approved by the respective AO/supervisor; update purchase card and travel card policies and procedures to clarify what documentation qualifies as a receipt; and update purchase card policies and procedures to include guidance on providing e-signatures for monthly purchase card statements. In addition, e-signing training should be provided to AOs to facilitate the signing and dating of monthly purchase card statements.
 - **Status:** DFC provided updated guidance that defines acceptable receipt evidence for transactions, approval of purchases, and monthly statement reconciliations. RMA reviewed the supplemental guidance and determined the documentation appropriately addressed RMA's recommendation.
- **Recommendation 2:** The Vice President and Chief Financial Officer amend applicable policies and procedures to include steps to ensure the recovery of employee debts including those incurred as a result of any illegal, improper, or erroneous purchases or payments. These steps should also specify the roles and responsibilities of personnel involved in this process.
 - **Status:** DFC provided its Employee Debt Policy, effective 11/1/2022. RMA reviewed the updated debt policy and determined the documentation appropriately addressed RMA's recommendation.
- **Recommendation 3:** The Vice President and Chief Administrative Officer provide and administer refresher training for travel cards at a frequency that allows all travelers to receive refresher training at least every three years.
 - **Status:** RMA increased the sample size for travel training support for the FY 2023 Charge Card audit. RMA did not identify any issues with the frequency of training, per the requirements stated in the DFC travel card policy.
- **Recommendation 4:** The Vice President and Chief Administrative Officer document and implement an escalation process for untimely voucher submissions within the DFC Travel Policy.

- Status: DFC provided supplemental travel guidance (effective March 2022) as evidence that the recommendation has been addressed. RMA reviewed the supplemental guidance and determined the new policy appropriately defines an escalation process for untimely travel voucher submissions. Additionally, RMA reviewed escalation emails during testing and determined the policy has been appropriately implemented.

During the audit, DFC provided documentation to support that prior year recommendations have been appropriately addressed and new processes have been implemented.

Summary of Findings

RMA did not identify any findings nor issue any recommendations during the performance audit of DFC's charge card program for FY 2022.

Evaluation of Management Comments

While no findings nor recommendations were issued during this audit, DFC will continue to provide training to charge card users and guidance on the policies and procedures for the Charge Card Program (see Appendix I for Management's comments in their entirety).

Appendix I: Management Comments



MEMORANDUM

March 9, 2023

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


FROM: Keron White
Vice President and Chief Administrative Officer

SUBJECT: DFC's Management Comments to "DFC Implemented an Effective Government Charge Card Program for Fiscal Year 2022"

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 maintain strong internal controls over charge card applications, transactions, reviews and approvals, and payments. We greatly appreciate the recognition from the OIG that DFC complied with the requirements of the Charge Card Act, OMB, and GSA.

While there are no recommendations made in this report, DFC will continue to provide training to charge card users and guidance on the policies and procedures for the Charge Card Program.

/s/


Keron White

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Appendix II: Methodology

In accordance with GAGAS, 2018 Revision Technical Update April 2021, RMA reviewed DFC's management charge card plans and policies for both FY 2022. We analyzed the population of all purchase card and travel card transactions that occurred in FY 2022 and selected samples to test the effectiveness of controls. To select our test sample, RMA 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 to extract statistical data from a variety of information systems and stratifies the population into homogenous groups. This allows our team to effectively select samples based on the nature of testing performed (i.e., control testing). Stratification also increases the reliability of the samples and minimizes the risk that the sample is not representative of the population. After selecting a sample, we requested documentation to verify that DFC's purchase and travel card cardholders complied with DFC's policies and procedures and applicable laws and regulations.

We also assessed the reliability of the data by 1) reconciling the data to supporting documentation, 2) reviewing existing information about the data and the system that produced them, and 3) conducting a walkthrough with DFC personnel knowledgeable about the data. We determined that the data was sufficiently reliable for the purposes of this report.

The sampling plan and methodology for each area tested and examined are described in more detail below.

Sampling Plan

Our sample was selected from the population of purchase card and travel card transactions made in FY 2022, excluding negative amounts that indicate reversals. For travel card transactions, samples were selected from the population of selected travelers due to the high dollar value of their total transaction amounts and average transaction amounts.

A stratified random sample approach was used with a 96 percent confidence level, 5 percent design precision, and an expected error rate of not more than 10 percent of the total dollar amounts in the audit universe. RMA randomly selected samples using the stratified procedure in DEAPs.

We statistically selected samples using the stratified procedure in RMA DEAPs. **Table 2** details the population of records and the resulting sample sizes for each charge card program.

Table 2: Resulting Sample Size for FY 2022

Category	Purchase Card	Travel Cards	Centrally Billed Accounts
Population	465	797	1,978
Sample Size	12	20	20

Assessment of Management Plans and Internal Controls

RMA assessed DFC’s management plans for both FY 2022 against required elements per OMB Circular A-123, Appendix B and whether the policy outlined in the plans were followed.

Additionally, our team assessed DFC’s internal controls for the purchase card and travel card program for FY 2022. The purpose was to assess the following controls:

- Application;
- Transaction;
- Review and approval; and
- Charge card management.

Travel Card Testing

RMA obtained the universe and evaluated data transactions for travel cards for FY 2022 to assess the risk level associated with this area of DFC’s charge card program. The \$229,222 value of travel card transactions selected for FY 2022 consists of debits and credits of \$192,103 worth of Centrally Billed Account transactions and debits and credits of \$37,119 worth of individual travel card transactions for selected travelers with the highest dollar value of total transaction amounts and average transaction amounts.

RMA tested travel approvals, travel vouchers, and monthly bank statements for selected samples for FY 2022 to evaluate accuracy, completeness, and timeliness against the required elements per OMB Circular A-123, Appendix B and DFC management plans.

Sample testing of travel vouchers and monthly statements for the centrally billed account was also performed for FY 2022.

Travel card training was tested in the FY 2022 period. In testing training compliance, we reviewed DFC’s travel card policies and procedures and travel card management plans, certificates of completion for selected samples, and spreadsheets documenting the status of cardholder training completions.

Purchase Card Testing

RMA obtained the universe and evaluated data transactions for purchase cards for FY 2022 to assess the risk level associated with this area of DFC's charge card program. The dollar value of purchase card transactions selected for FY 2022 consists of debits and credits of \$68,253.

RMA tested approvals, receipts, monthly reconciliation cover sheets, monthly bank statements, and confirmation packages for selected samples for FY 2022 to evaluate accuracy, completeness, and timeliness.

Purchase card training was tested in the FY 2022 period. In testing training compliance, we reviewed DFC's purchase card policies and procedures and purchase card management plans, certificates of completion for selected samples, and spreadsheets documenting the status of cardholder training completions.

Risk Assessment

RMA conducted a risk assessment of DFC's charge card program by reviewing policies, procedures, and other controls applicable to the charge card program. Comparison of charge card documentation to monthly statements were used to identify patterns of improper, erroneous, or illegal charge card use in FY 2022.

Appendix III: Glossary of Acronyms and Abbreviations

Table 3 contains definitions of all acronyms and abbreviations used in this report.

Table 3: Acronyms and Abbreviations

Acronym	Definition
A/OPC	Agency/Organization Program Coordinator
AO	Approving Official
CFO	Chief Financial Officer
COVID-19	Coronavirus Disease 2019
DCA	Development Credit Authority
DEAPs	Data Extraction and Analysis Procedures system
DFC	U.S. International Development Finance Corporation
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
IG	Inspector General
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
RMA	RMA Associates, LLC
TV	Travel Voucher
USAID	U.S. Agency for International Development