



FEDERAL MARITIME COMMISSION
Washington, DC 20573

March 27, 2024

Office of Inspector General

TO: Chairman Maffei
Commissioner Dye
Commissioner Sola
Commissioner Bentzel
Commissioner Vekich

FROM: Jon Hatfield 
Inspector General

SUBJECT: 2024 risk assessment of the FMC's purchase card program (R24-01)

This memorandum provides the results of the Office of Inspector General's (OIG) risk assessment of the Federal Maritime Commission's (FMC) purchase card program for 2024. The OIG has concluded the risk of illegal, improper, or erroneous use in the FMC's purchase card program is "low," as explained further in this memorandum. As a result, an OIG audit or review of the agency's purchase card program is not planned for 2024. The results of this risk assessment must be submitted to the agency head; this memorandum satisfies the reporting requirement.



Executive agencies, including the FMC, use purchase cards to purchase needed goods and services for the agency. In accordance with the *Government Charge Card Abuse Prevention Act of 2012* (Charge Card Act), Public Law 112-194, federal agencies are required to establish and maintain safeguards and internal controls for purchase and travel cards. The Charge Card Act requires the Inspector General (IG) of each executive agency to conduct a periodic risk assessment of the agency's purchase card program; and travel card program if annual charges are at least \$10 million. Because the FMC's travel card transactions are significantly below the \$10 million threshold, the OIG is not required to conduct a risk assessment of the travel card program.

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.

Scope and Methodology

The objective was to assess the risk of illegal, improper, or erroneous use of the purchase card program to determine the scope, frequency, and number of future audits and reviews to be conducted by the OIG. The assessment was conducted using industry standard principles for risk management and professional judgment.

FMC Purchase Card Program

The FMC's Office of Management Services (OMS) oversees the agency's purchase card program. The agency's financial management service provider, the Department of Treasury's Bureau of the Fiscal Service (BFS), helps manage the program for the agency. BFS' management role includes annual reviews of charge card activity of each card holder and payment processing.

BFS performs detailed annual reviews of FMC purchase card transactions on a sample basis. The purpose of the annual review is to ensure all card holders are adhering to the policies and procedures that govern the program. For example, BFS reviews whether there were prior written authorizations for the purchases; the purchases were entered on the purchase log; and the purchases are supported by a receipt or a reason why there is no receipt is provided. These are all examples of effective internal controls. Effective internal controls, strong management oversight, and audits are all components of an effective control environment. Conversely, a failure to have internal controls in place can result in fraud, misappropriation of assets, and damage to organizational reputation.

Assessment Criteria

The purchase card program was assessed using the criteria identified in the Charge Card Act and OMB Circular No. A-123, Appendix B, *A Risk Management Framework for Government Charge Card Programs*, Revised, August 27, 2019. To conduct the risk assessment, the OIG reviewed the FMC's Charge Card Management Plan dated January 2024. The plan outlines the FMC's policies and procedures for the charge card program. The purpose of the plan is to ensure that a system of internal controls is followed, and to mitigate the potential for fraud, misuse, and delinquency.

The OIG also reviewed the March 1, 2024, BFS report on their review of the FMC’s 2023 purchase card transactions. The OIG did not independently verify or validate the BFS review results. The table that follows summarizes the 2023 BFS review results. The OIG commends the agency for the positive results.

| 2023 BFS Review Results | | | |
|--------------------------------|--------------------------------------|-------------------|-----------------------|
| Card Holder | Sampled Transactions Reviewed | Exceptions | Exception Rate |
| 1 | 9 | 0 | 0% |
| 2 | 9 | 0 | 0% |
| 3 | 9 | 0 | 0% |
| 4 | 10 | 0 | 0% |
| 5 | 7 | 0 | 0% |
| 6 | 9 | 0 | 0% |
| Total | 53 | 0 | 0% |

Risk Assessment

To assess risk for the purchase card program, the OIG considered several factors, including: effectiveness of internal controls; training requirements; policies and procedures; prior problems with the program, if any; and previous audits and reviews. The OIG has concluded the risk of illegal, improper, or erroneous use in the FMC’s purchase card program is “**low**.” As a result, an OIG audit or review of the agency’s purchase card program is not planned for 2024.

If you have any questions, please contact the OIG at (202) 523-5863 or email at jhatfield@fmc.gov. Thank you.

Cc: Office of the Managing Director
 Office of Management Services
 Office of Budget and Finance
 FMC card holders (and supervisors)