



*Office of Inspector General
Export-Import Bank
of the United States*

**Independent Auditors’
Report on EXIM’s
Compliance with the
Payment Integrity
Information Act of 2019 for
FY 2021**

*June 28, 2022
OIG-AR-22-05*

The Export-Import Bank of the United States (EXIM or agency) is the official export credit agency of the United States. EXIM is an independent, self-financing executive agency and a wholly owned US government corporation. EXIM's mission is to support jobs in the United States by facilitating the export of US goods and services. EXIM provides competitive export financing and ensures a level playing field for US exports in the global marketplace.

The Office of Inspector General (OIG), an independent office within EXIM, was statutorily created in 2002 and organized in 2007. The mission of the EXIM OIG is to conduct and supervise audits, investigations, inspections, and evaluations related to agency programs and operations; provide leadership and coordination as well as recommend policies that will promote economy, efficiency and effectiveness in such programs and operations; and prevent and detect fraud, waste, abuse, and mismanagement.

This audit was conducted in accordance with generally accepted government auditing standards. 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 objectives.



Office of Inspector General

To: Mary Jean Buhler
Chief Financial Officer

From: Jennifer Fain
Assistant Inspector General for Audits and Evaluations (Acting) 

Subject: Independent Auditors' Report on EXIM's Compliance with the Payment Integrity Information Act of 2019 for FY 2021

Date: June 28, 2022

This memorandum transmits the Independent Auditors' Report on EXIM's compliance with the Payment Integrity Information Act (PIIA) of 2019 for fiscal year (FY) 2021. Under a contract monitored by this office, we engaged the independent public accounting firm of Ernst & Young LLP (EY) to perform the audit. The objective of this audit was to determine whether EXIM was in compliance with PIIA and guidance prescribed by the Office of Management and Budget (OMB) for FY 2021. In addition, the audit assessed the accuracy and completeness of EXIM's improper payment reporting and efforts to prevent and reduce improper payments.

EY determined that EXIM did not comply with PIIA for annual reporting consistent with Appendix C of OMB Circulars A-123 and A-136. Additionally, the agency's FY 2021 risk assessment of programs and activities that may be susceptible to significant improper payments was considered incomplete. The audit report includes four recommendations to EXIM management to improve the improper payment review process, including the risk assessment.

We appreciate the cooperation and courtesies provided to EY and this office during the audit. If you have questions, please contact me at (202) 565-3439 or jennifer.fain@exim.gov or Courtney Potter at (202) 565-3976 or courtney.potter@exim.gov. You can obtain additional information about EXIM OIG and the Inspector General Act of 1978 at www.exim.gov/about/oig.



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Independent Auditors' Report on EXIM's Compliance with the Payment Integrity Information Act of 2019

The Senior Vice President and Chief Financial Officer and the Inspector General of the Export – Import Bank of the United States.

We conducted a performance audit of the Export-Import Bank of the United States' (EXIM or agency) compliance with the required calculation and disclosure of Improper Payment Rates as of and for the fiscal year (FY) ending September 30, 2021. The objective was to determine if EXIM was in compliance with the Payment Integrity Information Act of 2019 (PIIA) (Pub. L. 116-117) and guidance prescribed by the Office of Management and Budget (OMB) for FY 2021. Specifically, the related requirements included within OMB Circular A-123, Appendix C (M-21-19, March 2021), OMB Circular A-136 (August 2021), OMB FY 2021 Annual Data Call Instructions, and OMB Payment Integrity Question and Answer Platform. EXIM's management is responsible for complying with PIIA and related OMB requirements. As part of the objective, we also evaluated EXIM's assessment of the level of risk and quality of improper payments and methodology for four payment programs (Short-term Authorizations, Medium-term Authorizations, Long-term Authorizations, and Cash-control Disbursements) identified by the agency that may be susceptible to improper payments.

We conducted this performance audit in accordance with generally accepted *government auditing standards* and the Council of the Inspectors General on Integrity and Efficiency Guidance for Payment Integrity Information Act Compliance Reviews. Those standards and guidance 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. The nature, timing and extent of the procedures selected depend on our judgment. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To assess EXIM's compliance, we performed specific procedures to address the objectives requested by the EXIM Office of Inspector General (OIG). See the Scope and Methodology section of this report.

This performance audit did not constitute an audit of financial statements in accordance with auditing standards generally accepted in the United States of America or *government auditing standards*. Additionally, we determined that the internal controls within the context of the performance audit objective is significant. Accordingly, we obtained an understanding of the management process, evaluated the control environment, and determined whether EXIM maintained adequate internal controls over the improper payment process. However, this performance audit did not constitute an audit of internal control over financial reporting in accordance with auditing standards generally accepted in the United States. Accordingly,

we do not express an opinion on the effectiveness of EXIM's internal control over financial reporting. Additionally, because of their nature and inherent limitations, the internal control may not prevent, or detect and correct, all deficiencies that may be considered relevant to the audit objectives.

Based on the results of our procedures, we determined that EXIM did not fully comply with the PIIA reporting requirements. Our findings and recommendations are documented in the Audit Results and Conclusion section of this report.

This report is intended solely for the information and use of EXIM, EXIM OIG, OMB, Congress, and the U.S. Government Accountability Office. The report is not intended to be, and should not be, used by anyone other than the specified parties.

June 28, 2022

The logo for Ernst & Young LLP is written in a black, cursive script font. The words "Ernst" and "Young" are connected by an ampersand, and "LLP" follows "Young".

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EXECUTIVE SUMMARY

Independent Auditor's Report FY 2021 Payment Integrity
OIG-AR-22-05, June 28, 2022

Why We Did This Audit

The Payment Integrity Information Act of 2019 (PIIA) (Pub. L. 116-117) requires each agency's Inspector General to perform an annual review of the agency's compliance with improper payment (IP) reporting requirements, as stipulated in Office of Management and Budget (OMB) guidance. The Export-Import Bank of the United States (EXIM or agency) Office of Inspector General (OIG) engaged Ernst & Young LLP (EY) to conduct an independent performance audit to determine whether EXIM was in compliance with PIIA and OMB guidance. For example, the OMB reporting requirements applicable to the payment integrity section of the agency's fiscal year (FY) 2021 Annual Report (AR).

What We Found

We determined that EXIM did not comply with the annual reporting requirements of PIIA for FY 2021 (see table below) because it did not submit the required annual Data Call to the OMB. Additionally, the agency's risk assessment of programs and activities that may be susceptible to significant improper payments was considered incomplete.

Table 1: Sampling EXIM's Compliance with OMB Circular A-123 (Applicable Requirements)

Program Name	Published Payment Integrity Information with Annual Report	Posted Annual financial statement and accompany materials on agency website	Conduct IP risk assessment for each program with annual outlay >\$10M at least once in the last three years	Adequately conclude whether the program is likely to make IPs and Ups above or below the statutory threshold
Short-term Authorizations	Not Compliant	Not Compliant	Compliant	Compliant
Medium-term Authorizations	Not Compliant	Not Compliant	Compliant	Compliant
Long-term Authorizations	Not Compliant	Not Compliant	Not Compliant	Not Compliant
Cash-control Disbursements	Not Compliant	Not Compliant	Not Compliant	Not Compliant

In performing the audit, we reviewed the Data Call requirements prescribed in Appendix C of OMB A-123 and determined that EXIM did not comply with the submission requirements to OMB. Furthermore, EXIM's risk assessment omitted long-term authorizations and payments to employees that are assessed as part of the cash-control disbursements. The testing results of medium-term authorizations were also omitted from the risk assessment and supporting documentation. As a result of our audit, management provided an updated risk assessment that included both the medium-term and long-term authorizations. EXIM management concluded that long-term authorizations were not susceptible to significant improper payments.

We also found that the risk assessment did not employ a systematic and structured approach to recognize where the potential for improper payments may arise as required by OMB A-123 Appendix C and contained discrepancies with the source data. Finally, management was unable to provide sufficient evidence that management reviewed the risk assessment, as required in EXIM's Improper Payment Risk Assessment Standard Operating Procedure.

What We Recommend

We made four recommendations to EXIM management to improve the improper payment review process, including the risk assessment.

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INTRODUCTION

The Payment Integrity Information Act of 2019 (PIIA) (Pub. L. No. 116-117) requires Inspectors General to review and report on federal agencies’ annual improper payment information included in their Annual Reports to determine their compliance with the improper payment law. This report presents the results of our performance audit of the Export-Import Bank of the United States’ (EXIM or agency) compliance with PIIA and Office of Management and Budget (OMB) guidance for the fiscal year (FY) ending September 30, 2021.¹ The objective of the audit was to determine whether EXIM complied with the requirements of PIIA and related OMB guidance.

In addition, we evaluated EXIM’s assessment of the level of risk and quality of improper payments and methodology for four payment programs (Short-term Authorizations, Medium-term Authorizations, Long-term Authorizations, and Cash-control Disbursements) identified by the agency that may be susceptible to improper payments. EXIM issued its FY 2021 Annual Report (AR) on November 12, 2021.² EXIM determined that these programs were not susceptible to significant improper payments.

SCOPE AND METHODOLOGY

Scope

Our audit was performed from November 10, 2021, through May 25, 2022, and covered the information that was reported in the “Payment Integrity” section of EXIM’s FY 2021 AR. EXIM included information on four payment programs in the risk assessment, as follows:

- Short-term Authorization: less than or equal to one year, regardless of dollar amount;
- Medium-term Authorizations: more than one year and less than or equal to seven years and less than or equal to \$10 million;
- Long-term Authorizations: more than seven years, or more than one year and more than \$10 million; and
- Cash-control Disbursements: payments related to the disbursement of loans, claims.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards.³ 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. The nature, timing and extent of the procedures selected depend on our professional judgment. We believe that the evidence obtained

¹ See OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular No. A-123, Requirements for Payment Integrity Improvement* (March 5, 2021).

² See the *Export-Import Bank for the United States Annual Report for the Years Ended September 30, 2021 and September 30, 2020* at <https://www.exim.gov/news/reports/annual-reports>.

³ See the U.S. Government Accountability Office’s *Government Auditing Standards* ([GAO-18-568G](#), July 2018).

provides a reasonable basis for our findings and conclusions based on the audit objectives. To determine whether EXIM complied with PIIA, we:

- Reviewed the payment integrity section of the agency’s FY 2021 financial statements and any accompanying materials to assess the agency’s compliance with PIIA and related OMB guidance.
- Reviewed information on <https://paymentaccuracy.gov> to determine whether EXIM submitted the Data Call.
- Reviewed PIIA, OMB Circulars A-123 Appendix C (M-21-19), A-136 (August 10, 2021), OMB Data Call instructions and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act Compliance Reviews to understand compliance and reporting requirements.
- Analyzed source data, including improper payment logs, cash disbursement details, and questionnaires that EXIM used to support applicable payment integrity information in the AR.
- Obtained an understanding of internal controls relative to the audit by conducting meetings with EXIM’s payment certifying officer, the Director of the Cash Control Group, Vice President of the Credit Policy and Compliance Division, and the Assistant General Counsel for Litigation, Fraud and Compliance.
- Concluded whether EXIM met each of the 10 PIIA compliance requirements: (1A) published payment integrity information with the annual financial statements; (1b) posted the annual financial statement and accompanying materials on the agency website; (2a) conducted an IP [improper payment] risk assessment for each program with an annual outlay greater than \$10 million at least once in the last three years; (2b) adequacy concluded whether programs is likely to make IPs and UPs [unknown payments] above or below statutory threshold; (3) published IP and UP estimates for programs susceptible to significant IPs and UPs in accompanying materials to the annual financial statements; (4) published corrective action plan (CAP) for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statements; (5a) published an IP and UP reduction target for each program for which estimate is above the statutory threshold was published in the accompanying materials to the annual financial statements; (5b) demonstrated improvements to payment integrity or reached a tolerable IP and UP rate; and (5c) developed a plan to meet the IP and UP reduction target; and (6) reported an improper payment estimate of less than 10 percent for each program for which an estimate was published.
- Determined whether EXIM published improper payment and unknown payment information in the AR for the most recent fiscal year.
- Assessed EXIM’s efforts to prevent and reduce improper payments and unknown payments.

We discussed the results of our work with EXIM and received written comments on the report’s results and conclusion. Refer to Appendix A of this report for EXIM’s formal response.

BACKGROUND

On March 2, 2020, PIIA repealed IPERA (and other existing laws), but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. PIIA also created four additional risk factors that must be used when determining a program’s risk susceptibility to improper payments.

An improper payment is any disbursement or transfer of federal funds to any non-federal person, non-federal entity or federal employee that is made by a federal agency, a federal contractor, a federal grantee, or a governmental or other organization administering a federal program or activity that should not have been made or that was made in an incorrect amount (either an overpayment or an underpayment), as well as other causes listed in the OMB implementation guidance. To improve the accountability of federal agencies’ administration of funds, the improper payment laws require agencies, including EXIM, to annually report information to the President and Congress on the agency’s improper payments. OMB Circulars provide guidance on the implementation of and reporting under PIIA (OMB Circular A-123, Appendix C, Parts I and II, and OMB Circular A-136, § II.4.5).⁴

Additionally, in accordance with PIIA, EXIM performed a risk assessment of agency programs with annual outlays over \$10 million. The risk assessment is performed once every three years. With OMB’s approval, EXIM reports its improper payments one year in arrears as the result of EXIM analysis not being available by November 15 of the current period. Based on its prior risk assessment, which was performed in FY 2019,⁵ EXIM deemed each of its four payment programs (Short-term Authorizations, Medium-term Authorizations, Long-term Authorizations and Cash-control Disbursements) as not susceptible to significant improper payments in its risk assessment.

As each program was deemed low risk in the FY 2019 risk assessment, PIIA does not require EXIM to perform certain processes for the current period undergoing assessment (i.e., FY 2020 payment data), including:

- Publishing improper and unknown payment estimates for each program for which an estimate is above the statutory threshold was published in AR.
- Publishing and demonstrating improvements to improper and unknown annual reduction targets for each as well as developing a plan to meet those reduction target for each program or activity for which an estimate was published in the accompanying materials to AR.
- Reporting a gross improper and unknown estimate.

EXIM conducted a risk assessment in FY 2021. However, we determined that the risk assessment was incomplete as it, for example, omitted long-term authorizations and

⁴ *Supra* note 1. See also Revised [OMB Circular A-136](#), *Financial Reporting Requirements* (August 10, 2021).

⁵ The Export-Import Bank’s Compliance with the Improper Payments Elimination Act of 2010: Review of Fiscal Year 2019, (i.e., the Risk Assessment Report).

payments to employees and did not fully incorporate OMB guidance. The results of our audit are discussed in the following section.

AUDIT RESULTS

Finding: EXIM Did Not Comply with PIIA for FY 2021 Payment Integrity Annual Reporting

For FY 2021, we determined that EXIM did not comply with PIIA for annual reporting consistent with Appendix C of OMB Circulars A-123 and A-136 (see Table 2 below for a summary).⁶ We also found that the agency’s risk assessment of programs and activities that may be susceptible to significant improper payments was incomplete.

Table 2: Summary of EXIM’s Compliance with OMB Circular A-123, Appendix C

Program Name	Published Payment Integrity Information with Annual Report	Posted Annual financial statement and accompanying materials on agency website	Conducted IP risk assessments for each program with annual outlays >\$10m at least once in the last three years	Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold	Published IP and UP estimates for programs susceptible to significant IPs	Published corrective action plans for each program susceptible to significant IPs	Published IP and UP reduction targets for each program for which estimate above the statutory threshold	Has demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	Has developed a plan to meet the IP and UP reduction target	Reported an IP and UP estimate of <10% for each program for which an estimate was published
Short-term Authorizations	Not Compliant	Not Compliant	Compliant	Compliant	Not Required	Not Required	Not Required	Not Required	Not Required	Not Required
Medium-term Authorization	Not Compliant	Not Compliant	Compliant	Compliant	Not Required	Not Required	Not Required	Not Required	Not Required	Not Required
Long-term Authorizations	Not Compliant	Not Compliant	Not Compliant	Not Compliant	Not Required	Not Required	Not Required	Not Required	Not Required	Not Required
Cash-control Disbursements	Not Compliant	Not Compliant	Not Compliant	Not Compliant	Not Required	Not Required	Not Required	Not Required	Not Required	Not Required

OMB Data Call Not Submitted

During our review of the FY 2021 AR, we noted that EXIM did not perform the OMB Data Call reporting and subsequently did not submit the requested information to OMB during FY 2021 as required by OMB A-136. By not providing the information to OMB, the agency’s improper payment information⁷ for programs with annual outlays over \$10 million was not posted on paymentaccuracy.gov and the data was not available to other federal agencies and the public. Further, EXIM’s AR did not include a hyperlink to the website.

We determined that these omissions and discrepancies occurred due to a lack of effective internal controls over the improper payment annual review process. Specifically, the process did not have appropriate management oversight and review, and the agency did not follow its established procedures. The lack of adequate oversight was caused by significant staffing

⁶ *Supra* note 2.

⁷ Agencies are required to submit to OMB in the Data Call details about its programs, recover audits, methods to detect improper payments and compliance with the Payment Integrity and Information Act of 2019.

issues during the year. Specifically, the director of the team who previously managed the process was not part of the FY 2021 risk assessment. As a result of the individual's absence, the risk assessment did not undergo a director-level review. The team also lost an experienced member to an internal transfer, leaving only one staff member to conduct large portions of the risk assessment. The remaining staff conducting the annual review did not have the experience or supervision necessary to interpret and follow the OMB guidance for implementing PIIA. In addition, at the time of the assessment the Deputy Chief Financial Officer (DCFO) who was serving as the acting director of the risk assessment, was also serving as the acting CFO. These staffing issues significantly contributed to the agency not submitting the annual Data Call to OMB and the omission of programs and inconsistencies in following and documenting the OMB Circular A-123 Appendix C requirements in the risk assessment discussed below. After the FY 2021 risk assessment, EXIM made personnel additions to the Internal Controls and Compliance (ICC) Unit to remediate the staffing issue and improve future assessments.

FY 2021 Risk Assessment was Incomplete

EXIM conducted its FY 2021 risk assessment utilizing FY 2020 payment data by conducting a qualitative and quantitative analysis of three of its four payment programs (Short-term Authorizations, Medium-term Authorization, and Cash-Control Disbursements) to determine whether each was susceptible to significant improper payments as defined by PIIA and OMB A-123 Appendix C (M-21-19). The quantitative analysis included a review of its total outlays, obligations, and improper payments. The qualitative analysis included a review of the results from the questionnaire to program managers based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. Management's analysis concluded that EXIM's programs were not susceptible to significant improper payments.

We reviewed the risk assessment to determine whether (1) it was accurate, complete, and timely; and (2) management's conclusion that its programs were not susceptible to significant improper payments was reasonable. During our review, we found that EXIM did not conduct an adequate risk assessment for two of its four payment programs including an assessment of whether the programs were susceptible to significant improper payments. Specifically, the agency omitted long-term authorizations and payments to employees from its risk assessment. Furthermore, it did not include the results of its medium-term authorizations despite having performed procedures over the program, and it had numerical discrepancies between the sample size stated in the risk assessment and the supporting documentation.

- During our audit, we requested and obtained an Excel file from EXIM that contained authorization data for the three payment programs (Short-term Authorizations, Medium-term Authorizations, and Long-term Authorizations) that are categorized based on credit standards. The file was used by the ICC Unit to select samples of payments for testing. Although the Excel file included 10 long-term authorizations with a total value exceeding \$1.2 billion and the risk assessment's Payment Overview section listed long-term authorizations as one of the four payment programs, the FY 2021 risk assessment did not include these authorizations. The risk assessment also omitted an analysis of payments to employees that are assessed as part of cash-control disbursements.

- We also found additional discrepancies between the risk assessment and the supporting documentation. Although the ICC Unit tested medium-term authorizations and provided the support, it did not include the program or results in the risk assessment. Furthermore, we noted discrepancies between the number of samples selected by the ICC Unit in the risk assessment compared to the supporting documentation.

As a result of our inquiry, the ICC Unit began testing the long-term authorizations to address the finding and revise the risk assessment. Management provided the revised risk assessment in February 2022 and found that the long-term authorizations were not susceptible to improper payments. The revised risk assessment also included the results of the medium-term authorizations. However, as of the date of this report, EXIM has yet to complete an assessment of payments to employees.

Our review of the risk assessment also disclosed that EXIM did not consistently follow and document OMB Circular A-123 Appendix C requirements in the FY 2021 risk assessment. Section IV of the Circular requires an agency to employ a structured and systematic approach to recognize where the potential for improper and unknown payments may arise. The risk assessment identified the programs and the results of testing; however, it did not (1) include documentation or analysis that identified where in the payment process a program might be at risk of an improper payment; or (2) state how the testing conducted would help to identify a program's susceptibility to improper payments.

We found discrepancies between the policies stated in the risk assessment and the testing that the ICC Unit performed as well as a lack of documentation to describe the procedures. The risk assessment stated that the results of testing were to identify the credit standards in each program and audit the transaction documentation to determine compliance with the standards, laws, and internal controls. The risk assessment also stated that a payment would be considered improper if it did not meet EXIM's credit standards. However, the testing attributes that the ICC team used for the credit programs did not test and/or fully document whether a transaction complied with EXIM's credit standards as stated in the Loan, Guarantee and Insurance Manual. Instead, the attributes tested whether transaction details were input into EXIM's system correctly instead of testing whether the loan officers complied with the agency's credit standards.

Further, EXIM's Improper Payment Risk Assessment Standard Operating Procedure (SOP) states that the risk assessment is reviewed at the (1) manager or director, (2) Vice President and (3) Chief Financial Officer levels. Although management stated that the risk assessment was reviewed and approved and provided a calendar invite for a risk assessment discussion, management was unable to provide sufficient evidence, including a signed risk assessment, that management performed its review.

Other Observations

During the audit, we obtained an understanding of management procedures, oversight, and controls in place to identify and prevent improper payments by conducting interviews of management and walking through key controls over the payment process. As noted above, EXIM did not maintain sufficient review controls over the OMB data submission processes and annual risk assessment. We also evaluated EXIM's compliance with the Do Not Pay Initiative and the implementation of its Character, Reputational, and Transaction Integrity

“CRTI” process⁸ and reviewed EXIM’s Recapture Audit Plan in its AR. We did not identify any findings in these areas.

Lastly, management is responsible for assessing program risk for susceptibility to improper payments. If management identifies programs that are susceptible to improper payments, it is required to publish improper and unknown payment estimates, corrective action plans and, reduction targets the following year per Section II of OMB A-123 Appendix C. Agency management is also responsible for publishing an improper and unknown payment estimate for any high priority programs that are identified by OMB. Since EXIM’s programs were not identified as high priority programs and the agency deemed its programs as not susceptible in its FY 2019 risk assessment, it was not required to publish data relative to these improper payment requirements (e.g., IP and UP estimates, CAP, and reduction targets) for the current period under assessment.

RECOMMENDATION

To improve EXIM’s annual improper payments review process, including the risk assessment, we recommend that agency management:

1. Update its policy and procedures to ensure that they are consistently following the most recent improper payment guidance and requirements particularly as they relate to the OMB Data Call requirements and reporting in the accompanying materials to the annual financial statements.
2. Ensure the annual review adequately addresses each program or activity that may be susceptible to significant improper payments. For example, this would include correcting the FY 2021 risk assessment to address payments to employees that are assessed as part of cash control disbursements.
3. Update the annual review policy and procedures to implement a structured and systematic approach that recognizes the potential for improper and unknown payments as well as a process to ensure adequate management oversight and review. The policy and procedures should also include a process to revise the risk assessment for compliance with the most recent improper payments requirements.
4. Develop and implement a formalized training plan for agency staff to ensure a thorough understanding of the requisite guidance and requirements.

CONCLUSION

We determined that EXIM did not fully comply with the reporting requirements of PIIA for FY 2021 reporting. Specifically, EXIM did not submit the OMB Data Call as required and the annual risk assessment of programs and activities that may be susceptible to significant improper payments was incomplete. This report includes four recommendations to improve the agency’s annual improper payment process, including the risk assessment.

⁸ CRTI is a process initiated by EXIM to vet transaction participants. The process consists of an analysis of companies and individuals to identify potential fraud, corruption, and integrity risks associated with parties to a transaction.

APPENDIXES

Appendix A: Management Response



Reducing Risk. Unleashing Opportunity.

DATE: June 15, 2022

TO: Parisa Salehi, Inspector General, Office of Inspector General

THROUGH: Mary Jean Buhler, SVP & Chief Financial Officer MARY BUHLER
Digitally signed by MARY BUHLER
Date: 2022.06.15 09:00:22 -0400

FROM: Adam Martinez, Chief Management Officer ADAM MARTINEZ
Digitally signed by ADAM MARTINEZ
Date: 2022.06.16 16:16:09 -0400

SUBJECT: EXIM Management Response to the *Independent Auditors' Report on EXIM's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2021* (OIG-AR-22-05)

Dear Ms. Salehi,

Thank you for providing the Export-Import Bank of the United States (“EXIM” or “EXIM Bank”) management with the Office of Inspector General’s (“OIG”) *Independent Auditors' Report on EXIM's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2021*, OIG-AR-22-05, dated June 09, 2022 (the “Report”). The OIG contracted with Ernst & Young LLP (“EY”) to conduct a performance audit of EXIM in accordance with generally accepted government auditing standards and the Council of the Inspectors General on Integrity and Efficiency Guidance for Payment Integrity Information Act Compliance Reviews. Management continues to support the OIG’s work which complements EXIM’s efforts to continually improve its processes.

EXIM appreciates EY noting that they “evaluated EXIM’s compliance with the Do Not Pay Initiative and the implementation of its Character, Reputational, and Transaction Integrity ‘CRTI’ process and reviewed EXIM’s Recapture Audit Plan in its Annual Report” and did not identify any findings in these areas.

EXIM concurs with the recommendations and has already addressed some of the staffing issues by hiring a Director, Internal Controls and Compliance (ICC), and backfilling for two ICC staff members. EXIM has also contacted the Office of Management and Budget (OMB) to be included in all PIIA Data Calls in the future.

We thank the OIG for your efforts to ensure EXIM’s policies and procedures continue to improve, as well as the work you do with us to protect EXIM funds from fraud, waste, and abuse. We look forward to our continuous strengthening of our working relationship and working closely with the OIG.

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Reducing Risk. Unleashing Opportunity.

CC:

Courtney Potter, Deputy AIG for Audits and Evaluations, OIG
Inci Tonguch-Murray, Senior Vice President and Deputy Chief Financial Officer
Jennifer Fain, Acting AIG for Audits and Evaluations, OIG
Patricia Wolf, Vice President and Controller

Appendix B: Distribution List

Reta Jo Lewis, Esq., President and Chair of the EXIM Board of Directors
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Adam Martinez, Senior Vice President and Chief Management Officer
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Courtney Potter, Deputy AIG for Audits and Evaluations, OIG
Amanda Myers, Senior Counsel, OIG

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