



OFFICE OF INSPECTOR GENERAL
EXPORT-IMPORT BANK
of the UNITED STATES

**REPORT ON THE EXTERNAL
QUALITY CONTROL
REVIEW OF THE
EXPORT-IMPORT BANK
OF THE U.S.,
OFFICE OF INSPECTOR GENERAL,
OFFICE OF AUDITS**

FEBRUARY 7, 2012



To: Fred P. Hochberg
President and Chairman

From: Osvaldo L. Gratacós
Inspector General 

Subject: Export-Import Bank of the United States, Office of Inspector General,
Office of Audits, External Peer Review Report

Date: February 7, 2012

I am pleased to provide you with a copy of the recently completed external peer review report on the Office of Audits of the Export-Import Bank of the United States (Ex-Im), Office of Inspector General (OIG).

The National Endowment for the Arts (NEA) OIG conducted the peer review in accordance with Government Auditing Standards and Council of the Inspectors General on Integrity and Efficiency guidelines. NEA OIG found that the system of quality control for the Ex-Im OIG's Office of Audits has been suitably designed and complied with to provide responsible assurance of performing and reporting in conformity with applicable professional standards in all material respects. Therefore, the NEA OIG issued the rating of "PASS" on our system of audit quality control.

Please contact me if you have any questions about this report.

Attachment

cc: Audit Committee

**NATIONAL ENDOWMENT FOR THE ARTS
OFFICE OF INSPECTOR GENERAL**



**REPORT ON THE EXTERNAL QUALITY CONTROL REVIEW
OF THE EXPORT-IMPORT BANK OF UNITED STATES
INSPECTOR GENERAL AUDIT ORGANIZATION**

Report No. QCR-12-01

February 2, 2012

System Review Report

February 2, 2012

Mr. Osvaldo Gratacós
Inspector General
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC

Dear Mr. Gratacós,

We have reviewed the system of quality control for the audit organization of the Export-Import Bank of the United States Office of Inspector General (EX-IM OIG) in effect for the year ended December 31, 2010. A system of quality control encompasses the EX-IM OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards*. The elements of quality control are described in the *Government Auditing Standards*. The EX-IM OIG is responsible for designing a system of quality control and complying with it to provide EX-IM OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the EX-IM OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed EX-IM OIG personnel and obtained an understanding of the nature of the EX-IM OIG's audit organization, and the design of the EX-IM OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audit engagements and administrative files to test for conformity with professional standards and compliance with the EX-IM OIG's system of quality control. The audit engagements selected represented a reasonable cross-section of the EX-IM OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with EX-IM OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the EX-IM OIG's audit organization. In addition, we tested compliance with the EX-IM OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the EX-IM OIG's policies and procedures on selected engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

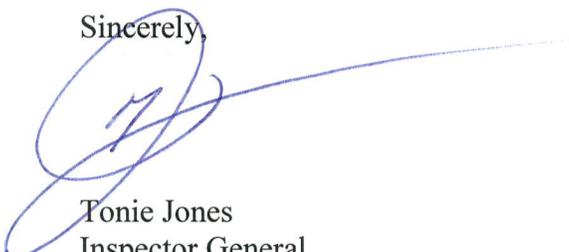
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure A to this report identifies the EX-IM OIG office that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the EX-IM OIG in effect for the year ended December 31, 2010, has been suitably designed and complied with to provide the EX-IM OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*; *pass with deficiencies*, or *fail*. The EX-IM OIG has received a peer review rating of *pass*. We noted, however, a condition that warranted EX-IM OIG attention though it did not impact our opinion. This matter is discussed in Enclosure B.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to the EX-IM OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of engagements performed by IPAs is not an audit and therefore is not subject to the requirements of Government Auditing Standards. The purpose of our limited procedures was to determine whether the EX-IM OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on the EX-IM OIG's monitoring of work performed by IPAs.

Sincerely,



Tonie Jones
Inspector General

Enclosures

SCOPE AND METHODOLOGY

Scope and Methodology

We tested compliance with the EX-IM OIG's system of quality control to the extent we considered appropriate. These tests included a review of the one audit report performed and issued by EX-IM OIG during the 12-month period ended December 31, 2010. There were no attestation reports issued during that period. We also reviewed the internal quality control reviews performed by the EX-IM OIG.

In addition, we reviewed the EX-IM OIG's monitoring of engagements performed by IPAs during the 12-month period ended December 31, 2010. During the period, the EX-IM OIG contracted for the audit of its agency's Fiscal Year 2010 financial statements that were to be performed in accordance with *Government Auditing Standards*.

Our work was performed at the Washington, DC office of the EX-IM OIG.

Reviewed Audit Performed by the EX-IM OIG

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AR-10-04	June 2010	Sponsored Transactional Travel

Reviewed Monitoring Files of the EX-IM OIG for Contracted Engagements

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AR-11-01	November 2010	Export-Import Bank of the United States Fiscal Year 2010 Financial Statements

General Comment

We noted EX-IM OIG did not have a system for an annual analysis and summary of results of monitoring procedures.

GAGAS recommend that “[t]he audit organization should analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues needing corrective action (GAGAS 3.54).”

On August 5, 2011, EX-IM OIG implemented Policy No. 203, *Internal Quality Control* which requires an annual review be performed to assess compliance with applicable professional standards and quality control policies and procedures for Generally Accepted Government Auditing Standards (GAGAS) audits. On August 5, 2011, EX-IM OIG also completed a summary memorandum to the file on the internal quality control system. As a result of the actions taken, we determined that no recommendation is necessary.



Office of Inspector General

Export-Import Bank
of the United States

February 2, 2012

Tonie Jones
Inspector General
National Endowment for the Arts
1100 Pennsylvania Ave., N.W.
Washington, DC 20506

SUBJECT: Report on the External Quality Control Review of the Export-Import Bank
of the United States, Office of Inspector General, Office of Audits

Dear Ms. Jones,

Thank you for providing the draft report on the external quality control review of the Export Import Bank of the U.S., Office of Inspector General, Office of Audits, conducted in accordance with Government Auditing Standards and Council of the Inspector General on Integrity and Efficiency guidelines.

I am very pleased with the rating of "PASS" attained by the this office and the opinion that our system of quality control has been suitably designed and complied with to provide responsible assurance of performing and reporting in conformity with applicable professional standards in all material respects. I truly appreciate all your efforts on this matter and the professionalism with which your staff conducted this review. I look forward to receiving your final report.

Sincerely,

A handwritten signature in black ink, appearing to read "Osvaldo L. Gratacós".

Osvaldo L. Gratacós
Inspector General
Export-Import Bank of the U.S.



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