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

OIG-AR-26-05

September 23, 2026

Audit of EXIM’s Office of General Counsel

EXECUTIVE SUMMARY

AUDIT OF EXIM'S OFFICE OF GENERAL COUNSEL

WHAT OIG AUDITED

The Office of Inspector General (OIG) audited the Export-Import Bank of the United States' (EXIM) Office of General Counsel (OGC) function. The objective of this project was to assess OGC's internal controls over operations and identify opportunities for improvement.

WHAT OIG FOUND

OIG observed OGC's processes and internal control related to its provision of legal advice in support of EXIM's programs and operations. OIG identified opportunities for OGC to better document business functions through written guidance.

OIG found that OGC did not have written processes that define key controls for certain recurring legal and operational activities, including supervisory review and approval. Specifically, OGC had not developed office-wide guidance for key activities and, instead, relied on attorneys' experience and professional judgment rather than manuals or desk guides. While attorney experience is valuable for identifying and addressing legal issues, written guidance for activities reduces the risk of applying inconsistent business practices and increases efficiency.

OIG also found that OGC should formalize its documentation and retention of legal advice and opinions. This occurred because each OGC unit labels and stores documents differently and OGC did not have a case management system to track assignments and retain work products. By implementing these processes, OGC can enhance its ability to track projects and ensure assignments are completed on time.

WHAT OIG RECOMMENDS

OIG issued two recommendations to review OGC's internal controls, determine the recurring activities that could benefit from written guidance, and update its system to track assignments and projects to document and retain legal advice and opinions. In its comments on the draft report, EXIM concurred with both recommendations. EXIM's response to each recommendation can be found in the Recommendations section of this report. EXIM's formal response is reprinted in its entirety in Appendix B. OIG's response is in Appendix C.

CONTENTS

BACKGROUND

Article IV of EXIM's Bylaws designates the General Counsel (GC) as the principal advisor to EXIM on all matters of legal significance. The GC oversees and directs attorneys and staff in fulfilling all legal responsibilities and rendering services for and on behalf of EXIM. This role further includes performing duties and exercising powers customarily associated with the office. OGC provides legal advice on programs and transactions that implement EXIM's mission.[1] In addition, OGC provides legal advice on issues encountered during agency operations, including matters related to the Charter and statutory compliance, contracts, employment law, litigation, and policy. According to Section 3(e)(2) of EXIM's Charter: "[t]he General Counsel of the Bank shall ensure that the directors, officers, and employees of the Bank have available appropriate legal counsel for advice on, and oversight of, issues relating to personnel matters and other administrative law matters by designating an attorney to serve as Assistant General Counsel for Administration, whose duties, under the supervision of the General Counsel, shall be concerned solely or primarily with such issues."

UNIT ROLES AND RESPONSIBILITIES

Several units within OGC provide specialized legal support related to specific aspects of EXIM's mission and operations. As a general matter, attorneys do not provide legal services in more than one unit. OGC attorneys are generally divided into two categories: transaction attorneys and operations support attorneys. Transaction attorneys work with EXIM clients who develop, review, monitor, and provide policy guidance on EXIM lending programs. For complex financing transactions, an attorney may be assigned to a transaction team, which includes sector experts, a loan officer, and engineer, as appropriate, to develop and vet transactions. OGC units involved in EXIM transactions include:

- Trade Finance and Insurance Counsel Unit: The Trade Finance and Insurance Counsel Unit provides legal advice on long-term sovereign and corporate guarantee and direct loan transactions; medium-term corporate guarantee, direct loan and insurance transactions; and short-term insurance transactions. The unit also provides legal advice on delegated-authority transactions, advises claims officers, and supports claim reconsiderations. The unit provides ongoing support by collaborating with the Trade Finance Division[2] on financing authorization, including the negotiation of terms for long- and medium-term transactions.

[1] Providing legal advice often involves complex project finance transactions in which the deal team makes numerous decisions about financing terms, responses to project risks, and negotiations with multiple parties.

[2] The Trade Finance Division processes applications for all sovereign risk, financial institution-risk, and certain corporate-risk transactions. The division processes most medium-term guarantees and insurance, including Credit Guarantee Facilities as well as short-term single-buyer and bank letter of credit insurance applications. Additionally, the division processes applications for short-term multi-buyer policies and is responsible for processing applications for new Approved Finance Providers and updating Master Guarantees for all financial institutions that use EXIM programs.

- Structured and Project Finance Counsel Unit: The Structured and Project Finance Counsel Unit provides legal support to the Structured and Project Finance Division[3] on international structured and project finance matters. The group provides legal advice on transaction-level materials, including the Board of Directors (Board) memoranda, financing agreements, and related legal analyses.

- Transportation Counsel Unit: The Transportation Counsel Unit provides legal advice and support on the negotiation of transportation financing on behalf of EXIM and the management of EXIM's transportation finance portfolio. The unit provides legal advice to the Transportation Division,[4] supports the management of co-financing transactions with other export credit agencies, negotiates reinsurance transactions, and assists with the compliance and interpretation of aircraft-related regulations. The unit also supports delegated-authority transactions, interprets legal and regulatory requirements, and participates in aircraft transactions which require specialized legal expertise separately and apart from other transportation deals.

OGC told OIG that transaction work is highly specialized and that the office hires only experienced transaction attorneys, relying on their expertise to negotiate the terms of commercial transactions and provide broader legal support.

Additional OGC units have primary responsibilities related to EXIM operations. OGC units that are not part of the transaction teams and instead support EXIM's legal, regulatory, and operational needs include:

- Litigation, Fraud, and Compliance Unit: The Litigation, Fraud, and Compliance Unit provides in-house legal counsel and liaises with the Department of Justice for all domestic litigation involving EXIM, except personnel and contracting disputes. It also oversees issues related to compliance with sanctions, suspension and debarment, anti-lobbying, anti-money laundering, anti-bribery, EXIM participant due diligence screening,[5] Watch List,[6] and Enhanced Due Diligence reviews.[7] In addition, the unit

[3] The Structured and Project Finance Division, within the Office of Board Authorized Finance, is responsible for originating and underwriting long-term corporate and project finance loan guarantees and direct loans. The financing supports sales of U.S. manufactured capital equipment and services to overseas oil and gas, petrochemical, power generation, renewable, technology, mining, and other natural resources projects.

[4] The Transportation Division processes loans and guarantees related to the export of large commercial aircraft, business aircraft, helicopters, and ancillary equipment such as spare engines, maintenance, overhaul services, and cargo conversions, as well as railroad-related equipment such as locomotives, rail cars, and related services.

[5] EXIM's customer due diligence screening program - Character, Reputational, and Transaction Integrity system checks EXIM's participant names against a subscription of databases.

[6] EXIM's Watch List procedures require agency personnel to report any reasonable suspicion of fraud, corruption, or other illegal or untrustworthy activities connected to an EXIM program to OIG, as well as OGC. Please see EXIM OIG, *Management Advisory: Implementation of Watch List Program Presents Potential Legal Risks and Limits Effectiveness* (February 4, 2025; OIG-O-25-04).

[7] Enhanced Due Diligence is a second-step, more in-depth analysis that is triggered only when elevated risk of bribery, financial crimes, and corruption is identified during the initial screening.

participates in EXIM's Fraud Risk Oversight team and acts as the liaison for OIG referrals, investigations, and criminal matters.

- Administrative Law and Board Support Unit: The Administrative Law and Board Support Unit provides legal support on employment law, procurement, Equal Employment Opportunity, and other administrative law matters. This includes litigating personnel cases on behalf of EXIM before the Equal Employment Opportunity Commission and the Merit Systems Protection Board. The unit also provides comprehensive legal and administrative support for the Board and committees. This includes organizing and coordinating Board meetings, preparing agendas, distributing materials, recording accurate minutes, maintaining records of Board activities, decisions, and policies, assisting with the development and implementation of Board policies and procedures, and providing training and support for Board members on policy matters.

- Strategic Initiative and Knowledge Management Group: The Strategic Initiative and Knowledge Management Group is a new group within OGC established in May 2026. This group was created to implement a consistent way to label and store documents by topic and promote knowledge sharing. The group plans to improve the maintenance of hard copy files for document retention. At the conclusion of this audit, OGC identified the need for project managers for this group.

- Office of Ethics: The Office of Ethics is led by the Chief Ethics Officer and has jurisdiction over all ethics matters related to the agency. It recommends administrative actions to establish or enforce standards of official conduct. This office was separate from OGC until May 2026.[8] At the time of OIG's audit, the Deputy General Counsel (DGC) served as the Acting Chief Ethics Officer.

OFFICE OF GENERAL COUNSEL STAFFING

The GC and DGC oversee the operations of OGC. In addition, OGC employs supervisory and non-supervisory attorney-advisors, as well as specialists and analysts. As of May 30, 2026, OGC had 47 approved positions, of which nine positions were vacant.

OGC employs experienced attorneys with varying tenures at EXIM. At the time of OIG's audit, seven staff members had more than 20 years of experience working at EXIM and 29 staff members were hired at the GS-13 level or above. Table 1, below, summarizes the years of experience for OGC employees. OGC's experienced workforce, which OGC management credited with improving the quality of legal advice offered, also placed the organization at increased risk of losing knowledgeable staff. At the time of this audit, nearly a quarter (eight of 38 onboard staff) were eligible for retirement.

[8] In response to language in EXIM's 2015 re-authorization, 12 U.S.C. Section 635a(k), created a separate Office of Ethics.

Table 1: OGC Staff Years at EXIM as of May 30, 2026

Years at EXIM	OGC Staff
Over 20 years	**7**
15-19 years	**4**
10-14 years	**5**
5-9 years	**9**
1-4 years	**11**
Under 1 year	**2**
Total	**38**

Source: Generated by OIG from data provided by EXIM.

OBJECTIVE

OIG conducted this audit to assess OGC's internal controls over operations and identify opportunities for improvement.

See **Appendix A** for information on the scope and methodology.

FINDINGS

OIG observed OGC's processes and internal control related to its provision of legal advice in support of EXIM's programs and operations.[9] OIG identified opportunities for OGC to better document business functions through written guidance. Additionally, OIG recommends that OGC establish a system to document legal advice and opinions.

FINDING 1: CERTAIN OGC PROCESSES AND CONTROLS NEED IMPROVEMENT

OIG found that OGC does not have written processes that define key control points for certain recurring legal and operational activities, including supervisory review and approval. Management said that the office relies on attorneys' experience and professional judgment rather than manuals or desk guides. While attorney experience is valuable for identifying and addressing legal issues, written guidance for activities reduces the risk of applying inconsistent business practices and increases efficiency. Moreover, having written controls in place reduces the risk of loss of institutional knowledge during staff turnover. OIG notes that this is an important consideration for OGC given the percentage of its employees who are retirement eligible.

[9] OIG did not audit OGC's legal advice.

Improvements Needed in the Written Processes to Guide Staff

Management is responsible for implementing control activities through documented processes. In accordance with the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, management should implement control activities through documented policies and procedures.[10]

OIG found that one of five units reviewed[11] had multiple processes documented and three units had an *Assessment Process Documentation Narrative*. The Litigation, Fraud, and Compliance Unit had guidance on litigation holds, requests for litigation, hiring foreign local collections counsel, Watch List reviews, suspension and debarment, and maintenance of the Section 406 Convicted Parties List. The Trade Finance and Insurance Counsel Unit, Transportation Counsel Unit, and Administrative Law and Board Support Unit each established an *Assessment Process Documentation Narrative*. This narrative documents each of the unit's roles and processes to support transactions and prepare for Board meetings. However, the Structured and Project Finance Counsel Unit did not have similar documentation.

OIG also found that OGC has not established key control areas for recurring legal and operational activities. Without defined controls in these areas, OGC may not have reasonable assurance that work is consistently documented, reviewed, approved, tracked, and retained. Specifically, OIG identified gaps in the following areas:

- OGC had not established written processes that define how records should be created, organized, maintained, and retained;
- OGC had not established processes for recording and tracking the status of legal advice;
- OGC had not defined processes on when supervisory review and approval is required, what the review should include, or how the review should be documented; and
- OGC had not established defined processes for conducting recurring Structured and Project Finance Counsel transaction-related activities.

According to OGC management, the office has not documented key processes or created OGC-specific guidance and instead relies on professional judgment of attorneys, case-by-case decision making, and other EXIM policies. Management stated that formal processes may not be appropriate in all cases because OGC assignments are based on EXIM's needs and projects vary in expectations and timelines.

[10] OMB Circular A-123 *Management's Responsibility for Internal Control* (issued December 21, 2004, and revised March 10, 2026).

[11] OIG did not review the processes of the Strategic Initiative and Knowledge Management Group or the Office of Ethics because OGC added those functions at the end of the audit scope.

Supervisory Review Processes Need Improvement

Agencies should create processes to review and approve work products. In accordance with OMB Circular A-123 *Management's Responsibility for Internal Control,* management should design control activities to mitigate risks to achieving the entity's objectives to acceptable levels. Control activities to mitigate risks for business processes include approvals and supervision.

OIG found that it is not clear when a supervisory review and approval of legal advice and opinions is required, what that review should cover, or how the review should be documented. Additionally, OGC currently does not have general guidance on when higher level (i.e., DGC or GC) review and approval is required.

OIG also found that the supervision performed by OGC management varies between units. One Unit Director said that they review the work of staff. Another Unit Director said they do not review the work of their personnel. OGC supervisors have noted that there is limited time for supervisors to review documents.

The absence of guidance may lead to inconsistent review of legal documentation. Moreover, absent review, a supervisor may be unable to ensure that individual staff are consistently interpreting or applying requirements and guidance applicable to EXIM.

Written Guidance Ensures Consistent Business Practices

The development and maintenance of written guidance is necessary for operational efficiency, consistent business practices, and to minimize the loss of critical knowledge during staff turnover. Documenting internal processes reduces the risk of inconsistent legal advice and provides a framework to instruct staff during periods of high staff turnover. Also, documented guidance is necessary for EXIM to uphold organizational standards and ensure fair use of taxpayer money. Moreover, documentation of OGC standards for review and retention of legal advice and opinions could lead to improved legal services, provide current and future managers with evidence of decision making within the office, and help ensure consistent interpretation of relevant requirements and guidance. Lastly, documentation demonstrating that OGC reviews and retains legal advice and opinions could lead to improved legal services provided to EXIM.

Recommendation 1

The Office of General Counsel should review internal controls and determine the recurring activities and supervision activities that are suited to and could benefit from written guidance and develop a process to implement and update such written guidance.

FINDING 2: OGC NEEDS A SYSTEM TO TRACK AND DOCUMENT PROJECTS

OIG found that OGC should formalize its documentation of legal advice and opinions where warranted. According to OGC management, each OGC unit had a different process for labeling and storing documents. OGC does not have a case management system to track the status of the projects and maintain documentation of work products. A case management system would help OGC track projects and ensure assignments are completed on time.

Agency Activities Should be Documented and Retained

Federal agencies are required by law and regulation to maintain documentation of their activities. The Federal Records Act requires all federal agencies to create records that document their activities, and file records for safe storage and efficient retrieval.[12] In addition, OMB Circular A-123 Management's Responsibility for Internal Control states that management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. Documentation helps retain organizational knowledge and ensure consistency in legal advice.[13]

A Case Management System Would Improve Documentation of Legal Advice

OIG found that OGC needs to improve its documentation of legal advice and opinions. OGC staff typically provide advice and opinions orally or via email. For example, in EXIM transactions, the negotiation phase typically occurs through oral communication, and OGC provides advice in meetings and briefings. According to OGC management, legal advice is documented within a final signed financing transaction, and each unit labels and stores documents in its own unique way.

According to management, OGC documents its review of outside counsel's work product. OGC uses outside counsel for transactions due to the complexity of the matters involved, staffing constraints, the increase in EXIM transactions, and the volume of documentation required. In addition, for matters regarding litigation, suspension and debarment, or illicit finance, OGC provides a memorandum on legal issues advising senior management or the GC. OGC transaction counsel also assists loan officers in preparing Board memorandums. However, outside of Board memorandums, OGC attorneys do not often provide written memorandums documenting their advice and opinions.

OGC's documentation is labeled and stored inconsistently in part because OGC does not have a case management system to track the status of ongoing projects and maintain records of work

[12] 44 U.S.C. Chapter 31 Records Management by Federal Agencies. See also 36 C.F.R. Part 1222 Creation and Maintenance of Federal Records.

[13] EXIM OIG, *Evaluation of EXIM's Environmental Effects Consideration* (September 29, 2025; OIG-EV-25-01), found a lack of clarity regarding the Board's authority to approve or deny transactions for environmental reasons due to conflicting and undocumented legal advice by OGC.

products. A centralized case management system would improve the tracking of projects and assignments monitoring and the timely completion of assignments as the number of complex transactions increases along with the volume of documents. In addition, a case management system would help attorneys understand the status of matters assigned to other attorneys.

OIG acknowledges that acquisition and implementation of a document/case management system entail budgeting and information technology considerations beyond the scope of OGC's control.

Recommendation 2

The Office of General Counsel should update its system to track assignments and projects to document and retain legal advice and opinions.

Other Matters: Staffing Constraints and Succession Planning

During this audit, OIG identified staffing and succession planning risks that increased OGC's operational risk. In accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*, management should demonstrate a commitment to recruit, develop, and retain competent individuals. OGC management told OIG that some units, particularly Structured and Project Finance, are understaffed. Management also stated that OGC has difficulty recruiting experienced attorneys, particularly for transaction work. Each unit operates independently, and staff members are not cross trained between offices. OGC management stated that attorneys cannot be readily trained to conduct certain specialized work, particularly transactions, and that OGC does not have the resources to train inexperienced attorneys.

As of May 30, 2026, OGC had nine vacant positions out of 47 approved positions—a vacancy rate of 19 percent. One Unit Director told OIG they personally perform projects related to specialized sectors because there are no other staff trained in these areas. According to OGC management, one unit was fully staffed, while another unit urgently sought senior attorneys following recent departures, and remaining units planned to hire up to three attorneys to perform the increasing workload.

OIG also found that OGC did not have a documented succession plan. A succession plan would help prevent the loss of critical knowledge during staff turnover, improve operational efficiency, and strengthen leadership continuity. OGC relies heavily on managers, particularly in the transaction offices, to oversee transactions, maintain knowledge of office work, ensure consistent legal advice, and maintain records of legal work. Of the three transaction units two managers are retirement eligible. A documented succession plan would help OGC develop managers, strengthen organizational capability, and ensure an adequate number of prepared and qualified candidates for leadership positions. Documentation of a succession plan reduces operational risks and enhances organizational capability and leadership continuity.

RECOMMENDATIONS

OIG provided a draft of this report to EXIM for its review and comments. The agency's complete response can be found in Appendix B. Within 45 calendar days from the issuance of this report, EXIM should submit to OIG a written action plan detailing the proposed actions to implement the recommendation(s) along with the proposed implementation date. The recommendation can be resolved when OIG receives and accepts EXIM's plan to implement the recommendation(s). OIG issued the following recommendations to EXIM.

Recommendation	Management Response
1. The Office of General Counsel should review internal controls and determine the recurring activities and supervision activities that are suited to and could benefit from written guidance and develop a process to implement and update such written guidance.	Concur
2. The Office of General Counsel should update its system to track assignments and projects to document and retain legal advice and opinions.	Concur

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) conducted this performance audit from July 2025 through June 2026 in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective. Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

OBJECTIVE AND SCOPE

OIG conducted this audit of the Export-Import Bank of the United States (EXIM) Office of General Counsel's (OGC) internal controls over operations from January 1, 2022, to May 30, 2026. The objective of this engagement was to assess OGC's internal controls over operations and identify opportunities for improvement.

METHODOLOGY

OIG conducted portions of this engagement remotely and relied on audio- and video-conferencing tools in addition to in-person interviews with EXIM personnel. OIG also reviewed pertinent records and reviewed the substance of this report and its findings and recommendations with offices and individuals affected by the review. OIG used professional judgment and analyzed documentary and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

To accomplish the audit objective, OIG:

- Conducted interviews with EXIM's Deputy General Counsel; Transportation Unit Director; Structured and Project Finance Unit Director; Trade Finance and Insurance Unit Director; Litigation, Fraud, and Compliance Unit Director; and Administrative Law and Board Support Unit Director.[14]

- Reviewed relevant federal laws, regulations, standards, guidance, and practices, including but not limited to:

    - The Charter of the Export-Import Bank of the United States, updated January 19, 2021

[14] OIG did not review OGC's Office of Ethics or Strategic Initiative and Knowledge Management Group which were established at the end of fieldwork.

- Amended and Restated Bylaws of Export-Import Bank of the United States, as of May 30, 2019
- 44 U.S. Code § 3101 – Records Management by Agency Heads; General Duties
- 5 C.F.R. Part 412 Supervisory, Management, and Executive Development, amended December 2009
- Office of Management and Budget, Circular A-123, "Management's Responsibility for Internal Control" (Revised March 10, 2026)
- Office of Management and Budget, Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control" (Revised July 15, 2016)
- Standards for Internal Control in the Federal Government, Revised in September 2014, and May 2025

- Reviewed relevant EXIM policies and procedures including but not limited to:
    - EXIM Loan, Guarantee and Insurance Manual, May 2017
    - OGC Assessment Process Documentation Narrative for EXIM Board Transactions for Transportation Counsel June 2, 2025
    - Process Narrative and Key Internal Controls for Legal Due Diligence and Compliance Reviews
    - OGC Assessment Process Documentation Narrative for Trade Finance & Insurance Counsel June 2, 2025
    - OGC Litigation, Fraud and Compliance Group Manual, Litigation Holds September 16, 2017
    - OGC Litigation, Fraud and Compliance Group Manual, Requests for Litigation September 16, 2017
    - OGC Litigation Fraud and Compliance Group, Procedures for the Watch List September 3, 2025
    - OGC Litigation Fraud and Compliance Group, Suspension and Debarment Procedures June 15, 2022

- OGC Litigation, Fraud and Compliance Group Manual, Considerations in Hiring Foreign Local Collections Counsel May 4, 2022

- OGC Litigation, Fraud and Compliance Group, Current Procedures for Maintaining the Section 406 Convicted Parties List

In planning and performing the audit, the audit team obtained an understanding of internal control to the extent necessary to satisfy the audit objective. Internal controls related to the audit objective were reviewed and analyzed. Specifically, OIG reviewed the components of control environment, risk assessments, control activities, information and communication, and monitoring. Within those components, OIG reviewed the principles of establish structure, responsibility and authority; commit to develop and retain individuals; enforce accountability; define objectives and risk tolerances; identify, analyze, and respond to risks; assess fraud risk; design control activities; design activities for information systems; implement control activities; use of quality information; communicate internally and externally; and perform monitoring activities. The methodology above describes the scope of the assessment, and the report findings include any internal control deficiencies identified. The assessment is not intended to provide assurance on EXIM's internal control structure. EXIM management is responsible for establishing and maintaining internal control.

APPENDIX B: MANAGEMENT RESPONSE

DATE: September 21, 2026

TO: Eric Rivera, Assistant Inspector General for Audits

THROUGH: Ravi Singh, Senior Vice President & Chief Financial Officer RAVI SINGH Digitally signed by RAVI SINGH Date: 2026.09.21 14:22:11 -04'00'

FROM: Tony Onorato, Senior Vice President & General Counsel ANTHONY ONORATO Digitally signed by ANTHONY ONORATO Date: 2026.09.21 14:02:34 -04'00'

SUBJECT: EXIM Management Response to the draft *Audit of EXIM's Office of General Counsel (Report No. OIG-AR-26-05).*

Dear Assistant Inspector General Rivera,

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") draft report for *Audit of EXIM's Office of General Counsel (Report No. OIG-AR-26-05),* dated September 3, 2026 (the "Report"). EXIM's leadership and management continue to fully support the OIG's work, which we believe complements and enhances EXIM's efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG and shares the OIG's commitment to improving EXIM's policies, procedures and operations.

The Office of General Counsel ("OGC") appreciates OIG's review and agrees that effective records management, knowledge preservation, and internal controls are important organizational objectives. OGC has documented several core processes through written guidance, process narratives, review procedures, and related materials, particularly with regard to financial disclosure reporting and FOIA request processing. OGC will continue to evaluate opportunities to enhance documentation where doing so would support operational effectiveness and risk management.

OGC respectfully disagrees, however, with the report's characterization of certain observations as control deficiencies. The report identifies opportunities for additional documentation and formalization but does not identify any instance in which OGC failed to meet a legal obligation or otherwise failed to fulfill its mission. Rather, the findings are largely prospective in nature and reflect differing views regarding the appropriate degree of process formalization within a legal organization.

OGC's principal function is the provision of legal advice and legal services. Unlike operational functions, legal work requires attorneys to exercise independent professional judgment, evaluate unique facts, interpret applicable law, and provide advice tailored to the circumstances presented. While written procedures may be appropriate for recurring administrative activities, the appropriate level of documentation, review, and process for legal matters necessarily depends on the nature, complexity, sensitivity, urgency, and risk of the issue involved.

For similar reasons, OGC does not agree that variations by unit in approach to executing on that unit's primary functions necessarily indicate "inconsistent business practices." Differences in legal analysis, supervisory involvement, and work processes often reflect differences in legal subject matter, the role or remit of the unit, transaction structures, client needs, and risk profiles. The report does not identify evidence that such differences have resulted in inconsistent legal outcomes, legal error, or operational harm.

In addition, the focus on perceived lack of process and the need for increased documentation is misplaced in two ways. As OIG notes, OGC "relied on attorneys' experience and professional judgment rather than manuals or desk guides" and "transaction work is highly specialized and the office hires only experienced transaction attorneys, relying on their expertise to negotiate the terms of commercial transactions and provide broader legal support." The work performed by OGC rarely lends itself to formulaic recitation or distillation. For the same reason, the conclusion does not necessarily follow that increased documentation "increases efficiency" or that "written guidance is necessary for operational efficiency." In other words, increased efficiency from more documentation cannot be assumed, in particular because the report does not identify areas or instances of inefficiency.

OGC agrees that opportunities may exist to further enhance documentation, records-retention, and knowledge-management practices and will continue evaluating such improvements. However, opportunities for enhancement should not automatically be equated with deficiencies in internal controls. Internal control principles require management to exercise professional judgment in designing and implementing controls that are appropriate to the organization's objectives, risks, and operating environment. As a result, the absence of a particular control mechanism or documentation practice does not, by itself, establish a control deficiency where management has implemented alternative measures reasonably designed to achieve the intended objective. OGC's approach reflects an effort to balance documentation and knowledge-management objectives with the professional judgment and flexibility required to provide effective legal services.

With respect to succession planning, OGC agrees that leadership continuity and institutional knowledge preservation are important management objectives and actively addresses those risks through recruitment, professional development, cross-training, and knowledge-management initiatives. OGC respectfully disagrees, however, that the absence of a formal succession plan constitutes a control deficiency. Federal agencies operate under a merit-based personnel system in which leadership positions must be filled through competitive processes based on qualifications, agency needs, and applicable hiring authorities at the time a vacancy occurs. Accordingly, OGC focuses on developing organizational capability and maintaining institutional resilience rather than identifying successors for specific positions. OGC believes this approach appropriately balances workforce-planning objectives with the legal framework governing federal personnel decisions.

[SPACE INTENTIONALLY LEFT BLANK]

OIG made two recommendations. EXIM Concurs with the two recommendations.

Recommendation 1: The Office of the General Counsel should review internal controls and determine the recurring activities and supervision activities that are suited to and could benefit from written guidance and develop a process to implement and update such written guidance.

Management response: EXIM concurs with this recommendation.

Recommendation 2: The Office of the General Counsel should update its system to track assignments and projects to document and retain legal advice and opinions.

Management response: EXIM concurs with this recommendation.

cc:

The Honorable John Jovanovic, President and Chair of the Board of Directors
Alyssa Pettus, Senior Vice President and Chief of Staff, Office of the President and Chairman
David Slade, Lead and Senior Counselor, Office of the President and Chairman
Victoria Coleman, Senior Vice President and Deputy General Counsel
Michaela Smith, Director of Audit and Internal Controls Program

APPENDIX C: OIG'S RESPONSE

The Office of Inspector General (OIG) appreciates the collaboration of Export-Import Bank of the United States (EXIM) management and the Office of General Counsel (OGC) throughout this audit.

OIG would like to clarify that its conclusions are not prospective. The findings reflect the status of OGC during the audit period and are based on sufficient and appropriate evidence to support its conclusions. Using the evidence gathered, OIG identified opportunities for OGC to define and document processes, including written guidance for recurring and supervisory activities, and the tracking and retention of legal advice and opinions.

OIG agrees that it did not identify any instance of deficiency in the legal services OGC provided; the audit did not evaluate the quality or correctness of legal advice. The findings and recommendations discuss opportunities to improve internal controls supporting the delivery of those services rather than the advice itself.

ABBREVIATIONS

Board	EXIM’s Board of Directors
DGC	Deputy General Counsel
EXIM	Export-Import Bank of the United States
GC	General Counsel
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget

CONTACT US

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If you fear reprisal, contact EXIM OIG's Whistleblower Protection Coordinator at OIG.Whistleblower@exim.gov.

For additional resources and information about whistleblower protections and unlawful retaliation, please visit the whistleblower's resource page at Oversight.gov.

Under The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274, if your organization has been mentioned in this report, and you would like to provide a written response for inclusion in the report, please reach out to us at OIG.Notices@exim.gov within 30 days.