



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

Independent Auditors' Report on the Export-Import Bank's DATA Act Readiness

November 28, 2016
OIG-AR-17-02



To: Inci Tonguch-Murray
Deputy Chief Financial Officer

From: Terry Settle *TL*
Assistant Inspector General for Audits

Subject: Independent Auditors' Report on the Export-Import Bank's DATA Act
Readiness

Date: November 28, 2016

This memorandum transmits the Independent Auditors' Report on the Export-Import Bank's DATA Act Readiness. Under a contract monitored by this office, we engaged the independent public accounting firm of Cotton & Company LLP (Cotton) to perform the audit. The objective of this performance audit was to determine to what extent the Bank implemented, or plans to implement, processes, systems, and controls to report financial and payment data in accordance with the requirements of the DATA Act.

Cotton determined the Export-Import Bank ("the Bank") has established an internal infrastructure to help ensure compliance with the May 2017 reporting requirements under the DATA Act. Although the Bank has made progress in its efforts of implementing the DATA Act, Cotton identified several areas in which the Bank can improve. The Bank has opportunities to improve 1) its communication with external stakeholders and use of available resources, 2) the detail contained in its DATA Act implementation plan and supporting documentation, and 3) its risk assessment. These conditions may affect the Bank's ability to implement all DATA Act requirements by the May 2017 deadline. The report contains eight recommendations and management concurred with all eight recommendations. We consider management's proposed actions to be responsive and the recommendations will be closed upon completion and verification of the proposed actions.

We appreciate the cooperation and courtesies provided to Cotton and this office during the audit. If you have questions, please contact me at (202) 565-3498 or terry.settle@exim.gov. You can obtain additional information about the Export-Import Bank Office of Inspector General and the Inspector General Act of 1978 at <http://www.exim.gov/about/oig..>

cc: Fred Hochberg, Chairman and President
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November 28, 2016

Terry Settle
Assistant Inspector General for Audits
Export-Import Bank
811 Vermont Avenue, NW
Washington, DC 20571

Subject: Independent Auditors' Report on the Export-Import Bank's DATA Act Readiness

Dear Ms. Settle:

Cotton & Company LLP is pleased to submit its report on the results of its performance audit of the Export-Import Bank of the United States' (EXIM Bank or the Bank's) Digital Accountability and Transparency Act of 2014 readiness. Cotton & Company conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), as established in the Government Accountability Office's (GAO's) *Government Auditing Standards*, December 2011 revision.

Please feel free to contact me with any questions.

Sincerely,
COTTON & COMPANY LLP

A handwritten signature in black ink, appearing to read "Steven M. Koons".

Steven M. Koons, CPA, PMP
Partner

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

The Office of Inspector General, an independent office within EXIM Bank, was statutorily created in 2002 and organized in 2007. The mission of the EXIM Bank Office of Inspector General 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.

ACRONYMS

CFO	Chief Financial Officer
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
DATA Act	Digital Accountability and Transparency Act of 2014
FAEC	Federal Audit Executive Council
GAO	Government Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget
Playbook	DATA Act Implementation Playbook
SAM	System for Award Management
SAO	Senior Accountable Official
Schema	DATA Act Schema
Treasury	U.S. Department of the Treasury
Working Group	EXIM Bank DATA Act Working Group

Why OIG Contracted for This Audit

The Export-Import Bank of the United States (EXIM Bank or the Bank) is subject to the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act). The DATA Act requires federal agencies to report financial and payment information consistent with guidance established by the Office of Management and Budget (OMB) and Department of the Treasury (Treasury) by May 2017. The DATA Act also requires inspectors general to provide relevant oversight; reports are first due to the Congress in November 2016. The Bank's Office of Inspector General contracted with Cotton & Company to conduct a performance audit of EXIM Bank's DATA Act readiness to meet the November reporting requirement.

What We Recommended

We made eight recommendations for EXIM Bank to: 1) identify the population of relevant and available information, guidance, and central agency working groups related to DATA Act implementation; 2) develop a methodology for periodically reviewing available sources of information for updates; 3) establish a procedure for ensuring that members of the Working Group are kept informed of new and changing information; 4) further assess OMB and Treasury guidance and continue to develop and enhance the implementation plan; 5) develop a methodology for the Working Group to monitor, track, communicate, and update the detailed implementation plan and the Bank's progress; 6) identify and assess external and internal risks associated with the implementation; 7) analyze identified risks to estimate their significance; and 8) design overall responses for the analyzed risks. Management concurred with all eight recommendations.

What We Found

The objective of this performance audit was to determine to what extent the Bank has implemented, or plans to implement, processes, systems, and controls to report financial and payment data in accordance with the requirements of the DATA Act.

During our performance audit, we found that EXIM Bank has established an internal infrastructure to help ensure compliance with the May 2017 reporting requirements under the DATA Act. Specifically, the Bank has: 1) designated the Deputy Chief Financial Officer (CFO) as its Senior Accountable Official (SAO), 2) formed a Working Group, 3) developed an implementation plan, and 4) reviewed and inventoried data elements. In addition, the Bank established a Data Quality Board in March 2015 to publicly report the Bank's financial and payment information.

Although the Bank has made progress in its efforts to implement the DATA Act requirements, during our performance audit we identified several areas in which the Bank can improve. We found that the Bank has opportunities to improve 1) its communication with external stakeholders and use of available resources, 2) the detail contained in its DATA Act implementation plan and supporting documentation, and 3) its risk assessment. These conditions may affect the Bank's ability to implement all DATA Act requirements by the May 2017 deadline.

Specifically, as EXIM Bank moves toward DATA Act implementation, we found that the Bank has an opportunity to increase its level of communication with OMB and Treasury. For example, the SAO was not included on a central list of federal agency SAOs, and the Bank is not listed as a participant in DATA Act meetings and conference calls. In addition, the Bank's SAO and Working Group were not aware of all available OMB guidance, including certain DATA Act information available to federal agencies at the MAX.gov website.

Further, we found that the Bank does not maintain formal documentation detailing the Working Group's progress on its implementation activities. In addition, the Bank's DATA Act implementation plan did not include detailed steps to help ensure adherence to or determine the applicability of various OMB memoranda containing requirements related to internal control and other areas. The plan also did not specify actions to resolve gaps identified in the Bank's data elements inventory.

We also noted that EXIM Bank did not formally identify and assess risks and coordinate risk responses to assure the Bank and other interested parties of its DATA Act readiness, as recommended by the Playbook.

Without obtaining access to and using DATA Act implementation information and resources available from Treasury and OMB, detailing all steps needed for implementation, and formally assessing project risks, there is an increased risk that EXIM Bank will not successfully implement the DATA Act and will not be in compliance with related OMB requirements.

For additional information, contact the Office of the Inspector General at (202) 565-3908 or visit www.exim.gov/about/oig.

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Objectives

This report presents the results of Cotton & Company LLP's (Cotton & Company's) performance audit of the Export-Import Bank of the United States' (EXIM Bank or the Bank's) Digital Accountability and Transparency Act of 2014¹ (DATA Act) readiness. The objective of this performance audit was to determine to what extent the Bank has implemented, or plans to implement, processes, systems, and controls to report financial and payment data in accordance with the requirements of the DATA Act.

Scope and Methodology

The Bank's Office of Inspector General (OIG) contracted with us to conduct a performance audit of the Bank's DATA Act readiness. The scope of our performance audit included the Bank's DATA Act implementation activities through September 30, 2016.

We used a risk-based approach in planning and performing our audit. Specifically, we prepared our audit plan by reviewing the Federal Audit Executive Council (FAEC) DATA Act Working Group's *DATA Act Readiness Review Guide* and adapting it to EXIM Bank's environment. Our audit plan focused on the first four steps of the U.S. Department of the Treasury's (Treasury's) eight-step implementation approach outlined in the DATA Act Implementation Playbook (Playbook). Our procedures included reviewing relevant legislation, Office of Management and Budget (OMB) memoranda, and Treasury guidance. We also reviewed audit publications, standards, and best practices from the U.S. Government Accountability Office (GAO) and Treasury's OIG. In addition, we met with Bank officials, including the Bank's Senior Accountable Official (SAO), EXIM Bank DATA Act Working Group (Working Group), and Chief Information Officer (CIO). We also reviewed relevant documentation to obtain an overall understanding of the Bank's implementation activities, including consideration of project risks and communication with OMB and Treasury. Further, we analyzed the Bank's activities relative to related DATA Act guidance and project management best practices.

Although we made inquiries regarding changes to the Bank's internal control activities related to DATA Act implementation, we did not test control activities. In addition, we did not evaluate the Bank's data or formulate any conclusions as to the completeness or accuracy of the data, as the Bank's DATA Act implementation is still in progress.

Cotton & Company conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, as established in GAO's *Government Auditing Standards*, December 2011 revision. 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

¹Public Law (P.L.) 113-101

obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted our audit on-site at EXIM Bank in Washington, DC, as well as remotely at the Cotton & Company office in Alexandria, VA, from July through November 2016.

We discussed our findings and conclusions with management officials on October 24, 2016; provided management with a draft of our report on October 28, 2016; and included management's comments and our responses where appropriate. We did not audit management's responses, and accordingly, we express no opinion on them.

Background

EXIM Bank is an independent, self-sustaining executive agency and a wholly-owned United States government corporation. The charter of the Export-Import Bank of the United States, cited as *The Export-Import Bank Act of 1945*, as amended through Public Law (P.L.) 114-94, dated December 4, 2015,² states:

It is the policy of the United States to foster expansion of exports of manufactured goods, agricultural products, and other goods and services, thereby contributing to the promotion and maintenance of high levels of employment and real income, a commitment to reinvestment and job creation, and the increased development of the productive resources of the United States.

In pursuit of its mission of supporting U.S. exports, EXIM Bank offers four types of financial programs supported by the full faith and credit of the U.S. Government:

- Direct loans
- Loan guarantees
- Working capital guarantees
- Export-credit insurance

In administering these programs, the Bank is subject to various laws pertaining to federal agencies, including the DATA Act, which was enacted on May 9, 2014. The DATA Act expands the requirements of the Federal Funding Accountability and Transparency Act of 2006³ and requires OMB and Treasury to develop government-wide financial data standards and issue guidance to federal agencies. The DATA Act also requires federal agencies to report financial and payment information consistent with the guidance established by OMB and Treasury. Reported data are to be displayed on a website available to lawmakers and the public; agencies are first required to report in May 2017.

²Certain provisions codified at 12 U.S.C. section 635 et. seq.

³31 U.S.C. 6101

For each program activity, the data are to include obligation and outlay amounts for each object class.⁴

To assist federal agencies in implementing the DATA Act requirements, Treasury's Bureau of the Fiscal Service first issued the Playbook in June 2015; Treasury updated the Playbook in June 2016. The Playbook provides agencies with an eight-step implementation plan and timeline. Those steps are as follows:

1. Organize a team, including forming a DATA Act Working Group and identifying an SAO.
2. Review data elements and participate in data element standardization.
3. Inventory agency data.
4. Design and strategize plans for systems and business processes to capture data.
5. Implement system changes and extract data for submission to the Broker.⁵
6. Test Broker outputs for data validity.
7. Update necessary systems changes.
8. Submit data.

In addition to the agency reporting requirements, the DATA Act imposes oversight requirements on OIGs and the Comptroller General of the United States. OIG reports are first due to the Congress in November 2016; however, this is before the May 2017 reporting requirement for agencies. In recognition of this timing anomaly, the Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) issued a December 22, 2015, letter to the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform. The letter communicates CIGIE's plan for inspectors general to provide the Congress with their first reports in November 2017, a one-year delay from the statutory due date, with subsequent reports on a two-year cycle. In addition, CIGIE is encouraging OIGs to conduct DATA Act readiness reviews at their respective agencies prior to issuing the first report in November 2017.

To assist the OIG community in performing the readiness reviews, the FAEC formulated the FAEC DATA Act Working Group, which issued a *DATA Act Readiness Review Guide* in December 2015. The FAEC DATA Act Working Group revised the guide in June 2016.

⁴The category is assigned for purposes of the President's annual budget and refers to the type of property or services purchased by the U.S. Government.

⁵According to the Playbook, "the DATA Act Broker is a software layer that ingests agency data, validates the data against the DATA Act Schema, and ultimately allows agencies to submit their data for publication." DATA Act Schema are the classification of data elements, including the principles that underlie the classification.

Summary

During our performance audit, we found that EXIM Bank has established an internal infrastructure to help ensure compliance with the May 2017 reporting requirements under the DATA Act. More specifically, the Bank has: 1) designated the Deputy Chief Financial Officer (CFO) as its SAO, 2) formed the Working Group, 3) developed an implementation plan, and 4) reviewed and inventoried data elements.

Although the Bank has made progress in its efforts to implement the DATA Act requirements, we found that the Bank has opportunities to: 1) increase its communication with external stakeholders and use of available resources, 2) increase the level of detail contained in its DATA Act implementation plan and maintain supporting documentation for its implementation activities, and 3) conduct and document a formal risk assessment. These conditions may affect the Bank's ability to implement all DATA Act requirements by the May 2017 deadline.

Specifically, as EXIM Bank's SAO and the Working Group continue to move toward DATA Act implementation, we found that the Bank has an opportunity to increase its level of communication with OMB and Treasury. For example, the SAO was not included on MAX.gov's central listing of federal agency SAOs, and the Bank is not listed as a participant in DATA Act meetings and conference calls. Also, the Bank's SAO and Working Group were not aware of all available OMB guidance, including certain DATA Act information available to federal agencies at MAX.gov.

Further, we found that the Bank does not maintain formal documentation detailing the Working Group's progress on its implementation activities. The Bank also did not include in its DATA Act implementation plan detailed steps to help ensure adherence or determine the applicability of various OMB memoranda containing requirements related to internal control and other areas. In addition, the Bank's implementation plan did not specify actions to resolve gaps identified in the Bank's data elements inventory.

We also noted that EXIM Bank did not formally identify, assess, and respond to risks as recommended in the Playbook to develop and coordinate risk responses to assure the Bank and other interested parties of its DATA Act readiness.

Without maintaining access to and using DATA Act implementation information and resources available from Treasury and OMB, detailing all steps needed for implementation, and formally assessing project risks, there is an increased risk of unsuccessful implementation of DATA Act and non-compliance with OMB requirements. We made eight recommendations to address the above issues. If implemented, these recommendations should help EXIM Bank successfully implement the DATA Act requirements. EXIM Bank management agreed with our recommendations and has established target

implementation dates in response to our recommendations. Management's responses to the findings identified in our performance audit are included within the report and in the Appendix. We did not audit management's responses, and accordingly, we express no opinion on them.

Finding 1: EXIM Bank Has Established an Infrastructure for DATA Act Implementation

In response to OMB and Treasury guidance issued pursuant to the DATA Act, EXIM Bank has taken the following steps to help ensure compliance with the May 2017 reporting requirements:

- Designating the Deputy CFO as the SAO.
- Forming the Working Group.
- Developing an implementation plan.
- Reviewing and inventorying data elements.

EXIM Bank advanced its implementation efforts by designating the Deputy CFO as its SAO on October 8, 2015. The SAO is a member of the Bank's current senior assessment team for OMB Circular A-123 compliance purposes and is responsible for overseeing governance and reporting on the Bank's progress in implementing DATA Act requirements. To support the SAO's efforts, the Bank also formed the Working Group. The Working Group's responsibilities include creating an implementation plan, ensuring the availability of data elements from the Bank's financial systems, addressing data element gaps identified, and assuring the transmission of required data to Treasury.

In an effort to mitigate issues related to the Bank's data quality and reporting, the CIO and the Vice President of Total Enterprise Modernization established the Data Quality Board in March 2015. The Data Quality Board is responsible for publicly reporting the Bank's financial and payment information.

Following the formation of the Working Group and designation of its SAO, EXIM Bank developed a DATA Act implementation plan. This plan contains nine high-level milestones, each of which has been tracked and updated following the task's progress over time. In addition, the Bank reviewed and inventoried 57 data elements defined by the Federal Spending Transparency Data Standards established by OMB and Treasury. As a result of this inventory, the Bank identified seven data elements that were not currently captured in its systems. In response to our audit, the Bank obtained guidance from Treasury indicating that the seven data elements in question do not need to be submitted by the Bank, since the Broker will extract them from other sources, such as the General Services Administration's System for Award Management (SAM). On February 17, 2016, the Bank submitted its DATA Act implementation plan, its implementation timeline, and its initial DATA Act elements inventory to OMB, as recommended by the Playbook.

Finding 2: EXIM Bank Has Opportunities to Enhance Its DATA Act Readiness Posture

As EXIM Bank's SAO and the Working Group continue to move toward DATA Act implementation, we found that the Bank has opportunities to reduce its risks of incomplete or unsuccessful implementation. Specifically, we found that the Bank has opportunities to increase communication between EXIM, OMB, and Treasury; formalize its DATA Act implementation plan; and conduct a DATA Act implementation risk assessment.

Opportunity to increase communication with external DATA Act stakeholders

A June 22, 2016, Treasury OIG audit report, entitled *Treasury's Government-wide DATA Act Implementation Continues, But Project Management Concerns Remain* states, "Treasury and OMB lack controls to ensure prompt responses to federal agency DATA Act questions." It also notes, "the release of certain key tools, Data Act Schema⁶ (Schema) version 1.0 and the production-ready broker, have been delayed." This concern regarding implementation guidance and tools indicates the importance of maintaining effective and open lines of communication with the central agencies. In addition, Treasury's Playbook states, "due to the iterative and agile approach to implementation, Treasury may update the Playbook further as the implementation process continues." This iterative approach further underscores the need for agencies to communicate effectively with Treasury.

We found that EXIM Bank has an opportunity to increase the level and frequency of its communication with OMB and Treasury. Although the Bank submitted its DATA Act implementation plan to OMB in February 2016, the Bank's SAO was not included on the central list of federal agency SAOs available at MAX.gov. This list serves as a mechanism that Treasury and OMB may use in maintaining contact with agency officials responsible for DATA Act implementation. We noted there was a Bank official listed on the SAO list dated October 7, 2015; however, that individual is not the SAO, as the Bank's SAO did not assume responsibility for the position until October 8, 2015. In addition, the Bank was not listed as a participant on the SAO DATA Act meeting and conference call notes available at MAX.gov for the period from April 2015 through August 2016. The Bank provided evidence of e-mail correspondence dated August 2016 to demonstrate its attempts to contact OMB regarding the DATA Act implementation and to request that the Bank's SAO be added to OMB's central list.

The SAO was unaware prior to our audit that MAX.gov is the site where OMB maintains a central listing of SAOs and related DATA Act meeting and conference call notes containing information on topics such as policy guidance and updates, implementation plans, budget formulation, DATA Act elements, data standards, award ID clarification, program activity and object class reporting, and the Schema.

⁶DATA Act Schema are the classification of data elements, including the principles that underlie the classification.

The Bank's SAO and the Working Group told us they were unaware of OMB Management Procedures Memorandum, *Additional Guidance for DATA Act Implementation: Implementing Data-Centric Approach for Reporting Federal Spending Information*, dated May 3, 2016. This memorandum is discussed in the SAO meeting notes dated May 5, 2016, which are available at MAX.gov. The memorandum provides information on the linkage between financial and management systems, requirements for reporting financial assistance data, agency assurance of internal controls over the data, and authoritative sources for data.

In response to our audit, the SAO indicated that she was requesting access to MAX.gov for members of the Working Group. In addition, the SAO and the Working Group requested and participated in a call with OMB and Treasury in September 2016 to obtain additional guidance. The Bank also told us the SAO has begun participating in the SAO calls, including the September and October 2016 calls.

GAO's *Standards for Internal Control in the Federal Government* states, "management also considers the entity's overall responsibilities to external stakeholders and establishes reporting lines that allow the entity to both communicate and receive information from external stakeholders." It also states, "management identifies information requirements in an iterative and ongoing process that occurs throughout an effective internal control system. As change in the entity and its objectives and risks occurs, management changes information requirements as needed to meet these modified objectives and address these modified risks."

By not always maintaining access to and using DATA Act implementation resources available from Treasury and OMB, the Bank is at risk of being inefficient, incomplete, or noncompliant with regard to DATA Act requirements. Moreover, the lack of open lines of communication impedes the Bank's ability to benefit from lessons learned by other federal agencies participating in government-wide DATA Act meetings and conference calls.

Lack of detailed and formalized project management approach for DATA Act implementation

Although EXIM Bank has established milestones and a framework for DATA Act implementation, its project documentation lacks the detailed and specific information needed to assure successful and timely implementation of the DATA Act, as well as to record progress made to date. The Bank has opportunities to formalize its DATA Act implementation plan; increase the level of detail included in the implementation plan; and perform iterative monitoring, tracking, and updating the Bank's progress iteratively. We found that the Bank developed an implementation plan that contains nine high-level milestones; however, the Bank has no formal documentation of its implementation activities, such as meeting minutes, a Working Group methodology, and reports on the status of the Working Group's implementation activities.

We also found that the Bank identified 7 gaps in the 57 data elements required for DATA Act reporting; however, it did not include the specific tasks for resolving the identified gaps on the timeline in the Bank's DATA Act implementation plan. Maintaining a more detailed

plan would enable the Bank to track the status of specific activities and monitor task progress.

The Bank's DATA Act implementation timeline included a June 1, 2016, start date for mapping the Bank's data to the Schema; however, as of September 1, 2016, the Bank had not started mapping its data to the Schema. In addition, the Bank has not incorporated Treasury updates to the Schema into its analysis.

We also found that the Bank's DATA Act implementation plan does not contain detailed steps to help ensure adherence to or determine the applicability of OMB internal control and other requirements contained in various memoranda. For example, a May 8, 2015, OMB Memorandum for the heads of departments and agencies titled, *Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable* contains requirements for:

- Assigning a unique Federal Award Identification Number for financial assistance awards.
- Ensuring the availability of agency-level and award-level financial data sourced from agency financial systems and linking agency financial system(s) and management systems using award IDs.
- Reporting all prime financial assistance awards above the \$25,000 micro-purchase threshold on a bi-weekly cycle.

Also, the May 3, 2016, OMB Management Procedures Memorandum, contains requirements for:

- Linking award IDs in financial and management systems no later than January 1, 2017.
- Providing reasonable assurance on a quarterly basis that internal controls support the reliability and validity of agency account-level and award-level data submitted to Treasury for publication on USAspending.gov.
- Ensuring that the official entity information, specifically the legal business name and the physical address, are identical to the information in SAM at the time of award and award modification, including internal controls to assure the alignment of SAM data with information in internal systems.

The May 8, 2015, OMB memorandum states, "...in developing their implementation plans agencies should estimate resource requirements, propose an implementation timeline, and identify any foreseeable challenges, such as competing statutory, regulatory or policy priorities, to fully implement the requirements of the DATA Act as identified in this guidance."

In addition, the Playbook acknowledges the need for detailed plans by stating for step four, "there are two main goals in this step – 1) capturing Award ID to link financial data to agency management systems and 2) developing a comprehensive implementation plan, including solutions for addressing gaps in agency data."

GAO's *Schedule Assessment Guide*, issued December 2015, provides best practices associated with maintaining a high-quality and reliable schedule. The guide states, "the schedule should reflect all activities as defined in the program's work breakdown structure, which defines in detail the work necessary to accomplish a project's objectives, including activities both the owner and the contractors are to perform." Further, the guide states, "schedules that are defined at too high a level may disguise risk that is inherent in lower-level activities."

Because of the lack of effective communication between the Bank, OMB, and Treasury, EXIM Bank has not obtained current knowledge of DATA Act requirements, and therefore has not comprehensively incorporated these requirements into its implementation plan. Given the high-level nature of EXIM Bank's DATA Act implementation plan, the Bank lacks visibility to sufficiently measure its progress in meeting all DATA Act requirements within specified timeframes.

Lack of formalized and documented risk assessment for DATA Act implementation

The Bank has not documented assessed project risks and related responses relative to its DATA Act implementation. Based on our discussions with senior-level Bank officials, we determined that the Bank has not adopted a formalized risk assessment approach for DATA Act implementation. Although at least one official told us that all projects have some degree of risk, they did not articulate or provide documentation to evidence consideration of risks specific to meeting DATA Act requirements. Further, in our interview, the SAO did not articulate any specific risks related to DATA Act.

The need to assess and document risks exists, however, especially given the following:

- The Playbook indicates that Treasury has adopted an "iterative and agile approach" to implementation and that Treasury may continue to update the Playbook. In addition, Treasury has revised its data element definitions through the issuance of an "errata file" issued in July 2016. As of September 2016, Treasury has provided further data element clarification through the publication of Frequently Asked Questions to address agencies' uncertainties in data element definitions.
- Bank officials told us they are continuing to work to upload data to USAspending.gov, but are not yet finished. This creates a competing priority for the Bank as it concurrently moves towards DATA Act implementation.
- Bank officials told us they previously have not reported procurement information on USAspending.gov; however, this information will need to be reported under DATA Act.

To help ensure successful implementation of data definition standards, the May 3, 2016, OMB Management Procedures Memorandum requires that agencies' internal control procedures, consistent with OMB Circular A-123 requirements to implement enterprise

risk management and internal controls, ensure the reliability of internal and external reporting.

The Playbook discusses the development of options for addressing gaps in the completeness and accuracy of data elements, as well as the analyses of risks, assumptions, and the extent to which solutions can be modified as policies and circumstances change.

GAO's *Standards for Internal Control in the Federal Government* states, "management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses." The standards also state, "management analyzes the identified risks to estimate their significance, which provides a basis for responding to the risks. Significance refers to the effect on achieving a defined objective." Further, "management designs responses to the analyzed risks so that risks are within the defined risk tolerance for the defined objective. Management designs overall risk responses for the analyzed risks based on the significance of the risk and defined risk tolerance."

Without an assessment of risk factors, the Bank is not positioned to develop and coordinate risk responses to assure the Bank and other interested parties of the Bank's DATA Act readiness. Given the changing DATA Act guidance, suspension of USAspending.gov reporting, and absence of a documented risk assessment, the Bank faces increased risk of unsuccessful implementation of DATA Act requirements and noncompliance with OMB requirements.

Recommendations, Management's Response, and Evaluation of Management's Response

Recommendation:

We recommend that the EXIM Bank DATA Act Senior Accountable Official:

1. Identify the population of relevant and available information, guidance, and central agency working groups on DATA Act implementation.
2. Develop a methodology for the Bank to periodically review available sources of information for updates and changes to relevant guidance.
3. Establish a procedure for ensuring members of the Working Group are kept informed of new and changing information.
4. Further assess OMB and Treasury guidance and continue to develop and enhance EXIM Bank's DATA Act implementation plan to define all activities in sufficient detail necessary to accomplish successful implementation of DATA Act and comply with related requirements.
5. Develop a methodology for the Working Group to monitor, track, communicate, and update the detailed implementation plan and the Bank's progress.
6. Identify and assess external and internal risks facing the Bank's DATA Act implementation.
7. Analyze the identified risks to estimate their significance.
8. Design overall risk responses for the analyzed risks to help achieve successful implementation of DATA Act requirements.

Management's Response:

EXIM Bank Management concurred with the eight recommendations. Management stated that, by March 30, 2017, it will 1) identify all available information and guidance, 2) develop a methodology for conducting periodic reviews of available sources of relevant guidance, and 3) develop a procedure ensuring working group members are kept informed of updated information with regard to DATA Act implementation. In addition, management said it will enhance its DATA Act implementation plan and develop a methodology outlining how it will monitor, track, communicate, and update the implementation plan as well as the Bank's progress by January 15, 2017. Finally, the Bank stated it will 1) identify and assess risks, 2) analyze the significance of identified risks, and 3) design overall responses to the risks facing its DATA Act implementation by February 15, 2017.

Our Evaluation of Management's Response:

EXIM Bank Management's proposed actions are responsive to the recommendations. The recommendations will be closed upon completion and verification of the proposed actions.

Appendix: Management Comments

EXPORT-IMPORT BANK
OF THE UNITED STATES

November 18, 2016

Michael McCarthy
Deputy Inspector General
Office of the Inspector General
Export-Import Bank of the United States
811 Vermont Avenue NW
Washington, DC 20571

Dear Deputy Inspector General McCarthy,

Thank you for providing the Export-Import Bank of the United States ("EXIM") Management with the Office of the Inspector General's (OIG) "Independent Auditors' Report on the Export-Import Bank's DATA Act Readiness" (November 2016). Management continues to support the OIG's work which complements EXIM's efforts to continually improve its processes. Ex-Im Bank is proud of the strong and cooperative relationship it has with the OIG.

EXIM appreciates that the auditors noted that "EXIM Bank has established an internal infrastructure to help ensure compliance with the May 2017 reporting requirements under the DATA Act". EXIM pro-actively designated a Senior Accountable Official (SAO), formed a working group, developed an implementation plan, and reviewed and inventoried data elements. Additionally, during the course of this assessment EXIM changed the designation of the SAO to the newly established position of Senior Vice President for Innovation and Performance, who is also the Co-Chair of EXIM's Data Quality Board. This new SAO designation will support EXIM's efforts in ensuring compliance with DATA Act reporting requirements. EXIM has also added additional staffing resources to assist with DATA Act related requirements. The Bank is committed to full cooperation with the OIG and will work with staff on implementing all recommendations that resulted from this assessment.

Recommendation 1: Identify the population of relevant and available information, guidance, and central agency working groups on DATA Act implementation.

Management Response: Management agrees with this recommendation and recognizes the benefits of identifying all available information and guidance on DATA Act implementation.

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The DATA Act working group team members will work to complete this recommendation with a target implementation date of March 30, 2017.

Recommendation 2: Develop a methodology for the Bank to periodically review available sources of information for updates and changes to relevant guidance.

Management response: Management agrees with this recommendation and the DATA Act working group will develop a methodology outlining how it will conduct periodic reviews of available sources of information and how it will update relevant guidance as necessary. The target implementation date for this recommendation is March 30, 2017.

Recommendation 3: Establish a procedure for ensuring members of the Working Group are kept informed of new and changing information.

Management Response: Management agrees with this recommendation and the DATA Act working group will develop a procedure to ensure that the Working Group members are kept informed of new and changing information. The target implementation date for this recommendation is March 30, 2017.

Recommendation 4: Further assess OMB and Treasury guidance and continue to develop and enhance EXIM Bank's DATA Act implementation plan to define all activities in sufficient detail necessary to accomplish successful implementation of the DATA Act and comply with related requirements.

Management Response: Management agrees with this recommendation and the DATA Act working group will further assess OMB and Treasury guidance and continue to develop and enhance EXIM's DATA Act implementation plan in order to comply with all requirements. The target implementation date for this recommendation is January 15, 2017.

Recommendation 5: Develop a methodology for the Working Group to monitor, track, communicate, and update the detailed implementation plan and the Bank's progress.

Management Response: Management agrees with this recommendation and the DATA Act working group will develop a methodology outlining how it will monitor, track, communicate, and update the implementation plan and the Bank's progress. The target implementation date for this recommendation is January 15, 2017.

Recommendation 6: Identify and assess external and internal risks facing the Bank's DATA Act implementation.

Management Response: Management agrees with this recommendation and the DATA Act working group will identify and assess external and internal risks facing EXIM's DATA Act implementation. The target implementation date for this recommendation is February 15, 2017.

Recommendation 7: Analyze the identified risks to estimate their significance.

Management Response: Management agrees with this recommendation and the DATA Act working group will analyze and identify the significance of the identified external and internal risks facing EXIM's DATA Act implementation. The target implementation date for this recommendation is February 15, 2017.

Recommendation 8: Design overall risk responses for the analyzed risks to help achieve successful implementation of DATA Act requirements.

Management Response: Management agrees with this recommendation and the DATA Act working group will design overall risk responses for the external and internal risks facing EXIM's DATA Act implementation. The target implementation date for this recommendation is February 15, 2017.

We thank the OIG for your efforts to ensure the Bank's policies and procedures continue to improve, as well as the work you do with us to protect Ex-Im funds from fraud, waste, and abuse. We look forward to strengthening our working relationship and continuing to work closely with the Office of the Inspector General.

Sincerely,



Charles J. Hall
Executive Vice President and Chief Operating Officer
Export-Import Bank of the United States

To Report Fraud, Waste, or Abuse, Please Contact:

Email: IGHotline@exim.gov

Telephone: 1-888-OIG-Ex-Im (1-888-644-3946)

Fax: (202) 565-3988

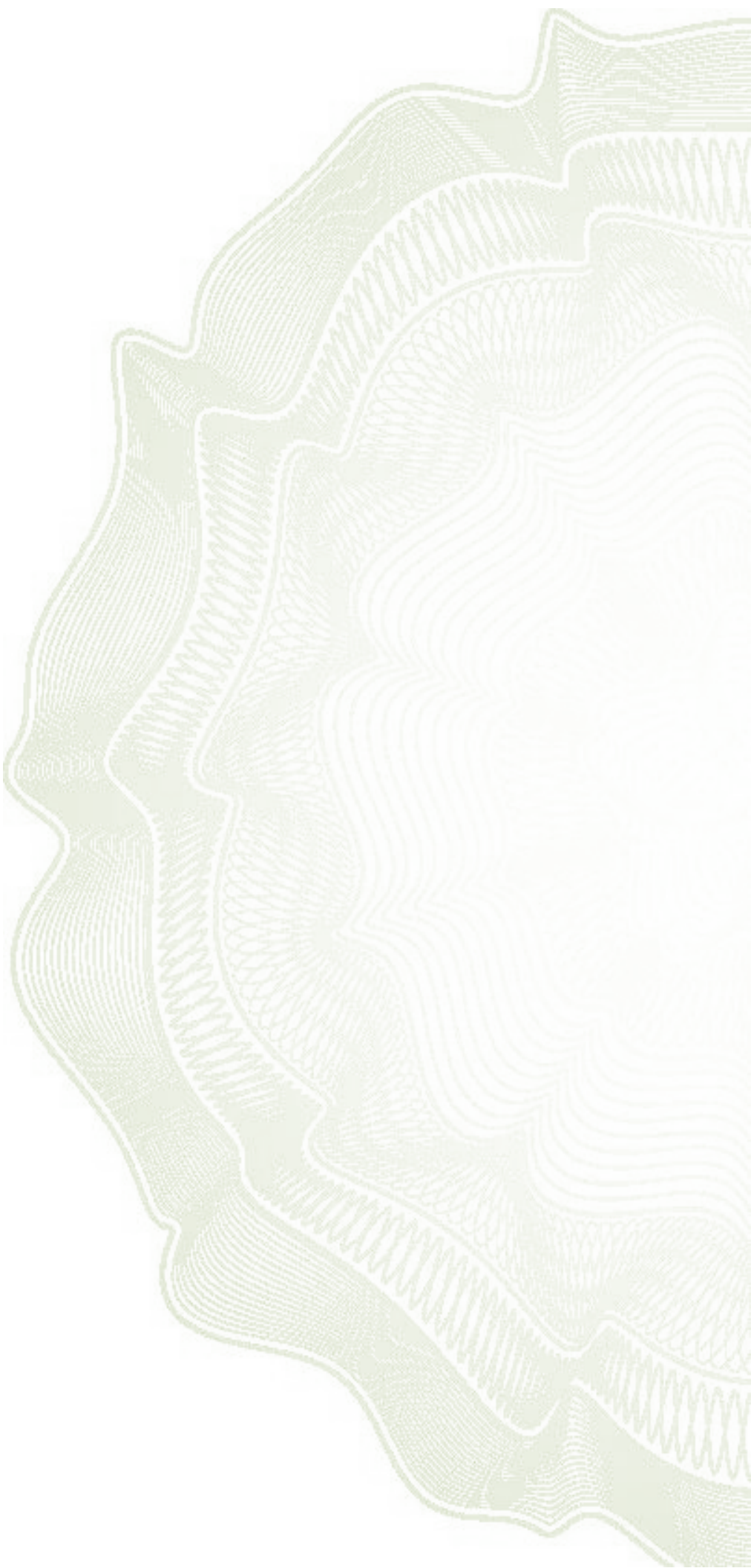
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Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits please contact Terry Settle, Acting Assistant Inspector General for Audits, at Terry.Settle@exim.gov or call (202) 565-3498. Comments, suggestions, and requests can also be mailed to the attention of the Assistant Inspector General for Audits at the address listed above.



For additional information, contact the Office of the Inspector General at (202) 565-3908 or visit www.exim.gov/about/oig.



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