



Office of Inspector General

Office of Inspector General

FY 2023 Congressional Budget Justification

Export-Import Bank of the United States
Office of Inspector General
Fiscal Year (FY) 2023
Congressional Budget Justification

Introduction

The Export-Import Bank of the United States (EXIM) is a wholly owned government corporation, established in 1934 through executive order, and subsequently made an independent agency through congressional charter in 1945. As the official export credit agency of the United States (U.S.), EXIM's fundamental mission is to support American jobs by facilitating the export of U.S. goods and services through financing and insurance programs. The agency's core financing programs include direct loans, loan guarantees, export credit insurance, and working capital loans and guarantees.

The Office of Inspector General (OIG) is an independent and objective oversight office created within EXIM by the Export-Import Bank Reauthorization Act of 2002 and the Inspector General Act of 1978, as amended (IG Act). This office was organized in 2007 following the appointment of its first Inspector General. It was created to promote the integrity, transparency and efficiency of EXIM programs and operations by providing independent oversight and objective reporting to multiple stakeholders, including EXIM's Chairman and Congress. The mission of the OIG is to conduct and supervise audits, investigations, inspections, and evaluations related to agency programs and operations; provide leadership and coordination, as well as recommend policies designed to promote economy, efficiency, and effectiveness in such programs and operations; and prevent and detect fraud, waste, abuse, and mismanagement.

The OIG's Office of Audits and Evaluations (OAE) and the Office of Investigations (OI), supported by the Immediate Office (IO) of the Inspector General, conduct the work to accomplish the OIG's mission. Through its annual work plan, OAE conducts a variety of independent statutorily mandated and discretionary reviews to assess the vulnerability of the agency's programs and operations to adverse impacts such as fraud, waste, abuse, and gross mismanagement. These reviews have resulted in recommendations to establish appropriate internal controls and policies and procedures that document the governance and accountability practices in place at EXIM. OI conducts investigations of allegations of wrongdoing that frequently result in convictions of subjects, such as exporters, brokers, manufacturers, lenders, shippers, and buyers. These cases have resulted in an estimated 212 years of prison time and 237 years of probation, and approximately \$362 million in forfeitures, restitution, repayments, and judgments.

The audits, investigations, inspections, evaluations, and other administrative and enforcement actions undertaken by the OIG have facilitated the federal government's recoupment of millions of dollars, have ensured that taxpayer funds have been spent more efficiently, and have aided in preventing the future misappropriation of funds. As explained below, for every dollar spent on its budget since its inception, the OIG has returned over \$5 from its investigations alone. Additionally, transactions canceled by EXIM based on OIG referrals and the reduction in medium-term claims of at least \$80 million annually from FY 2012 through FY 2015 have contributed to further savings to the taxpayer. The OIG continues to achieve these successes in the face of significant challenges, such as managing the effects of the prior lapse in authority while implementing new requirements set forth in EXIM's recent reauthorization, as well as flexibly adapting to the uncertainty and atypical complications caused by the COVID-19 public health and economic crises.

On December 20, 2019, Congress reauthorized EXIM for seven years (expiring December 31, 2026).¹ The reauthorization contained several provisions restricting, maintaining, and expanding the agency's operating authority. Such provisions include:

- maintaining the exposure limit at \$135 billion;
- encouraging certain targeted small businesses to participate in international commerce;
- restricting EXIM's ability to conduct business with certain participants by requiring it to deny applications for financing if certain parties are convicted of defrauding the agency within the previous five years;
- expanding its promotion of renewable energy sources to include energy efficiency and energy storage; and
- creating a temporary Board in the event of a lack of quorum for 120 consecutive days of a United States Presidential term.

Since last year, the Board composition has changed. The U.S. Senate recently confirmed Reta Jo Lewis as President and Chair of EXIM, with a term expiring on January 20, 2025. Board Member Spencer Bachus III continues to serve as his term does not expire until January 20, 2023. In addition, consistent with 12 U.S.C. § 635a, the Administration authorized Senior Vice President of Policy Analysis and International Affairs James Cruse to serve as Acting First Vice President and Vice Chair. This preserves the quorum of Board members as required by EXIM's charter and facilitates the continued ability of the agency to approve transactions above the current threshold of \$25 million, formulate policies, and delegate its authority.

OIG anticipates its oversight activities will continue to expand as transaction approvals increase and EXIM addresses the various operational and structural changes resulting from reauthorization.² For example, to address potential concerns related to reauthorization, OIG has initiated an audit of EXIM's implementation of key revisions to the 2019 Reauthorization Act³ and other priorities, with planned completion in FY 2022. This review will provide an initial assessment of EXIM's actions to implement key provisions of the 2019 Reauthorization Act and improve accountability and transparency through reforms and other priorities, likely implicating additional reviews in FY 2023 and beyond. Similarly, OIG anticipates a significant increase in audit and investigative work associated with operational and financing changes spurred by the COVID-19 public health and economic crises. In addition, OIG will continue its ongoing efforts of assessing cybersecurity vulnerabilities in EXIM's networks and systems in FY 2023, as the loss or disruption of EXIM's computer systems and data would have a profound impact on the agency's operations, assets, and/or individuals.

¹ Further Consolidated Appropriations Act 2020 (Pub. L. No. 116-94) (Division I, Title VI, Sections 401-409, Export-Import Bank) (Dec. 20, 2019).

² Such changes include: requiring the Program on China and Transformational Exports program to reserve 20 percent of EXIM's exposure cap for financing exports that compete directly with China or other countries; increasing the small business threshold to 30 percent effective January 1, 2021 (excluding terminated unutilized insurance authority that terminated during the fiscal year when calculating the small business threshold); and consulting with Department of State regarding the potential national interest impacts of financing in excess of \$25 million for transactions where the end user, lender, or obligor is the government of China.

³ *Supra* note 1.

Summary of the Budget Request:

	FY 2021 Enacted	FY 2022 Enacted	FY 2023 OIG Request
Budget Authority	\$6,500,000	\$6,500,000	\$6,415,000
FTE	26	26	26

For FY 2023, EXIM OIG requests an aggregate budget of \$6,415,000, a decrease of \$85,000 from the FY 2022 enacted level, to carry out mission-critical operations. This amount is necessary for the OIG to carry out the audits, inspections, evaluations, and related work required by the IG Act and EXIM’s latest reauthorization,⁴ as well as criminal investigations necessary to prevent, detect, and prosecute fraud against EXIM and the United States (U.S.). Having reviewed anticipated workload and current resource levels, OIG anticipates that \$6,415,000 is necessary to support OIG’s mission critical work in FY 2023.

The following observations further support the OIG’s budget request:

EXIM OIG has generated a significant return on taxpayer investment

Since 2009, EXIM OIG has generated significant cost savings to taxpayers, EXIM, and the federal government. OIG has secured 108 indictments or informations, which are federal criminal charges against parties who have attempted to defraud EXIM, and 76 convictions. Its criminal investigations have produced approximately \$362 million in criminal and civil court-ordered forfeiture and restitution, fines, assessments, and recoveries, on average returning over 5 times the OIG budget. This return on investment (ROI) metric does not include millions of dollars saved in cancelled transactions resulting from investigative findings referred to EXIM. Please see the attached table for further detail.

Although difficult to specifically quantify, the OIG’s audits, inspections, and evaluations have also contributed to significant cost savings to taxpayers. Since FY 2015, OAE has made 326 recommendations to improve the operations and programs of EXIM, including \$6 million in questioned costs and funds put to better use. The OIG’s recommendations implemented by EXIM have strengthened internal controls and processes to assist in the prevention of fraud and improper payments, minimized risk and significantly strengthened due diligence and oversight procedures.

FY 2023 baseline budget request of \$6,415,000 supports mission critical and operational expenditures

EXIM OIG’s FY 2023 baseline request supports mission critical and operational expenditures, comprised by approximately: 80 percent allocated to personnel and benefits costs for staff performing investigations, audits, evaluations and inspections, and related support functions; and 20 percent allocated to: (1) training for staff to maintain professional standards; (2) information technology to support office operations, audits, inspections, evaluations, and investigations; (3) travel to support international inspections and investigations; and (4) other administrative and infrastructure support.

⁴ Ibid.

The request supports approximately 26 full-time career OIG employees, including the PAS Inspector General position and the vacant Deputy Inspector General position. The U.S. Senate recently confirmed Parisa Salehi as the Inspector General for EXIM on February 17, 2022.

The requested funding would enable the OIG to continue to promptly and proficiently perform statutorily mandated activities required by the IG Act and other statutes. Pursuant to current law, EXIM OIG is required to supervise and report on the audit of EXIM's annual financial statements, as well as audit compliance with the Federal Information Security Modernization Act of 2014 (FISMA). OIG is also required to report on EXIM's compliance with the Payment Integrity Information Act of 2019 (PIIA), conduct a periodic risk assessment of EXIM's purchase and travel card programs, and triennially review the agency's Portfolio Risk Management (PRM) procedures and Chief Risk Officer (CRO) responsibilities. OIG complies with the requisite standards, including the Comptroller General's Government Auditing Standards, and the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation, and the Attorney General's Guidelines for Investigations, in conducting its mission-related work.

In addition to these existing mandates, the FY 2023 request will also support continuation of the OIG's discretionary oversight and investigative activities relating to EXIM's recent reauthorization and COVID-19 related programs. For example, EXIM announced temporary relief measures beginning in March 2020 that were extended several times throughout 2020. Most recently, on April 15, 2021, EXIM's Board of Directors voted unanimously to extend all the COVID-19 temporary relief measures through April 30, 2022. These measures, such as waivers and relaxed documentation requirements, provide relief in existing EXIM programs (i.e., Working Capital Guarantee Program and the Supply Chain Financing Guarantee Program). They also include programs that were designed or expanded to temporarily address the gap in the availability of short-term liquidity for the financing of the purchase of U.S. goods and services (Bridge Financing Program) and the payment of progress delivery payments (Pre-Delivery/Pre-Export Financing Program).

The OIG also continues to promote fraud awareness to aid in the prevention of future frauds. For example, OIG conducts outreach to stakeholders and other law enforcement partners about the various risks and fraud scenarios commonly seen in trade finance, export credit fraud, and money laundering cases. OIG continues to look into ways to increase fraud awareness and outreach through other mechanisms, such as issuing fraud bulletins to the agency and transaction participants that identify common fraud schemes and ways to detect and prevent such schemes in the future.

For comparative purposes, the total FY 2023 funding request of \$6,415,000 represents 0.016 percent of EXIM's \$41.34 billion total export finance portfolio at year-end FY 2021. With the proposed authorized FTEs, the ratio of OIG staff to EXIM portfolio is one OIG FTE to oversee every \$1.59 billion. This dollar amount is likely to substantially increase as the agency continues to authorize pending and prospective deals expected in FY 2022 and future years.

OIG Oversight Responsibilities Continue to Expand

Mandatory audit and evaluation-related oversight continues. For example, the triennial PRM procedures and CRO evaluation, which took effect in FY 2017, adds to the scope of the OIG's mandated work. On November 8, 2021, the OIG issued the final audit report to meet the third reporting requirement of the DATA Act. As such OIG plans to conduct a follow-up audit in FY 2023 to ensure that findings and recommendations have been addressed by EXIM. As mentioned above, OIG will continue its ongoing

efforts of assessing cybersecurity vulnerabilities in EXIM's networks and systems, particularly as it relates to current and anticipated changes to the Inspector General FISMA reporting and monitoring requirements beginning in FY 2022.⁵

EXIM's reauthorization also increased OIG's oversight in many areas. For example, operational changes arising from the recent reauthorization (such as the China and Transformational Exports program) may necessitate discretionary reviews by the OIG in the future. Additionally, the OIG anticipates a significant increase in audit and investigative work associated with operational and financing changes spurred by the COVID-19 public health and economic crises. For example, EXIM announced temporary COVID-19 pandemic relief measures in March 2020 that were extended in April, May, August, and October of 2020, and again in April 2021, and remain in effect at least until April 30, 2022. These measures include waivers, deadline extensions, streamlined processing, and flexibility regarding documentation requirements and claims analysis in EXIM's Working Capital Guarantee Program, Multi-Buyer and Single-Buyer Short-Term Exporter Insurance, and Medium-Term Single-Buyer Exporter and Financial Institution Insurance.

Inspector General Act Information

Section 6 of the IG Act requires the Inspector General to transmit certain information each fiscal year as part of its budget submission. In accordance with section 6 of the Act, EXIM OIG presents the following information:

- EXIM OIG requests a FY 2023 budget of \$6,415,000 million, supporting 26 full-time equivalent employees (FTE) and \$65,000 for training costs.
- This request also includes \$23,094 as OIG's estimated allocation to support the operations of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

Detailed Budget Request by Program Area:

Personnel Compensation

Approximately 80 percent of the OIG baseline budget request is for compensation and benefits to employ professional auditors, inspectors, analysts, criminal investigators, attorneys, and administrative staff. The total personnel budget request provides for \$5,117,527 in salaries and benefits, allocated between three groups: Audits and Evaluations, Investigations, and Immediate Office of the Inspector General.

⁵ On May 12, 2021, the President issued Executive Order (EO) [14028](#), *Improving the Nation's Cybersecurity*, that establishes a set of requirements to improve the nation's cybersecurity and to better protect the networks of executive branch agencies. In support of the EO, OMB issued memorandum [M-22-05](#), *FY 2021-2022 Guidance on Federal Information Security and Privacy Management Requirements*, on December 6, 2021. The memorandum, for example, establishes new Inspector General (IG) FISMA reporting and monitoring requirements in FY 2022.

Office of Audits and Evaluations

Audits and Evaluations		
FY 2022 baseline:	\$1,557,179	10 FTE
Baseline adjustment:	\$202,850	-
Total request:	\$1,760,029	10 FTE

The baseline budget for the audit, inspection, and evaluation function represents personnel costs for 10 total FTE: ten auditors in the 0511 series. The auditors in the 0511 series, include an Assistant IG for Audits and Evaluations at the Senior Level, a GS-15 supervisory audit manager, a GS-14 supervisory auditor, a GS-14 senior auditor, and six auditors at the GS-11/13 levels. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 4.6 percent salary increase per OMB guidance.

This group will likely produce six to nine products per year, including the statutorily mandated annual financial statements, FISMA, and PIIA audits, and the triennial PRM and CRO evaluation, and two to five additional projects identified based on the annual audit, inspection, and evaluation work plan risk assessment. For example, the group conducts inspections focusing on transactions that present higher risks to EXIM due to the large size of the transaction, long tenor of exposure, unstable countries, etc. The group also conducts policy evaluations that are responsive to congressional interest and requests, particularly issuing reports that are responsive to mandates in the agency's applicable reauthorization legislation.

Many of the business processes that support EXIM activities are specialized functions not found in other government agencies, requiring that the OIG hire private sector consultants and auditors with relevant skills and experience to adequately evaluate and recommend improvements to many aspects of the agency's operations. OAE personnel must meet the respective professional standards and complete continuing professional education as required.

In previous years, OIG has relied on contractors to perform audits/evaluations to supplement the audits/evaluations performed by federal employees, because the reduced staff lacked the capacity to produce all work using in-house personnel. Filling necessary positions has enabled the OIG to reduce its reliance on contractors to supplement the audit, inspection, and evaluation function. This produces costs savings in the administrative budget, discussed below. The OIG will continue to oversee independent public accounting (IPA) firm to conduct the annual audit of EXIM's financial statements. This budget request does not include the budgeted cost of the financial statement audit, which is passed on to EXIM; the OIG is responsible for certain cost overruns and for supplemental work performed by the IPA. The OIG also contracts with IPAs in support of other OIG mandated and discretionary work.

Office of Investigations

Investigations		
FY 2022 baseline:	\$1,980,258	9 FTE
Baseline adjustment:	\$114,982	-
Total request:	\$2,095,240	9 FTE

The baseline budget for the investigations function represents personnel costs for nine total FTEs, including six special agents in the 1811 series, two analysts, and a senior inspector. The special agents in the 1811 series include an Assistant IG for Investigations at the Senior Level, a GS-15 manager, and four agents at the GS-13/14 levels. There are two analyst positions, a lead at the GS-14 level and one at the GS-13 level, and a senior inspector at the GS-14 level. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 4.6 percent salary increase per OMB guidance.

Due to increased benefits and availability pay, special agents in the 1811 series have a higher cost-per-FTE than other federal series. However, as discussed above, the creation of a federal law enforcement capacity within EXIM OIG provides a positive ROI for a number of these costs. EXIM OIG also employs investigative and financial analysts in the investigations function, who serve as a critical force multiplier at a lower cost structure than the 1811 criminal investigative series.

Immediate Office of the Inspector General

Immediate Office and Management		
FY 2022 baseline:	\$1,197,777	7 FTE
Baseline adjustment:	\$64,481	-
Total request:	\$1,262,258	7 FTE

The baseline budget for the immediate office and management represents personnel costs for seven FTEs, including the PAS Inspector General, a Deputy Inspector General/Counsel at the Senior Level, an attorney-advisor, and four administrative personnel who support all the teams in the OIG. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 4.6 percent salary increase per OMB guidance.

Administrative Expenses

Administrative Expenses	
FY 2022 baseline:	\$1,786,595
Cost savings:	(\$489,122)
Total request:	\$1,297,473

The administrative expenses portion of the budget request represents approximately 20 percent of the total request. This portion covers contracted audit, inspection, evaluation, and investigative work; travel; training; information technology; equipment and supplies; and transfer to support the operations of CIGIE. Included in the total is awards spending for high performing employees as outlined in OMB guidance. The OIG envisions a decrease of approximately 27 percent in administrative expenses for FY 2023 due primarily to a reduction in operating costs.

Export-Import Bank of the United States
Office of Inspector General
Fiscal Year 2021 – 2023
Financial Summary

	FY 2021 Request	FY 2022 Request	FY 2023 Request
Appropriation	\$6,500,000	\$6,500,000	
Budget Request	\$5,200,000	\$6,500,000	\$6,415,000
Carryover Used	\$855,000	\$0	\$0
Personnel Compensation	\$4,258,630	\$4,713,405	\$5,117,527
Administrative	\$731,370	\$1,537,473	\$1,048,351
Information Technology	\$130,000	\$134,122	\$134,122
Travel	\$40,000	\$50,000	\$50,000
Training	\$40,000	\$65,000	\$65,000
<i>Subtotal, Administrative</i>	\$941,370	\$1,786,595	\$1,297,473
Total	\$5,200,000	\$6,500,000	\$6,415,000

Export-Import Bank of the United States Office of Inspector General Budget and Recoveries														
Budget	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
	\$2,500,000	\$2,500,000	\$4,000,000	\$3,875,000	\$5,100,000	\$5,750,000	\$6,000,000	\$5,700,000	\$5,700,000	\$5,700,000	\$5,700,000	\$6,500,000	\$6,500,000 ⁶	\$65,525,000
Criminal														
Restitution	\$2,538,650	\$44,833,107	\$18,961,970	\$24,943,058	\$19,375,440	\$13,608,036	\$13,669,380	\$20,262,740	\$4,726,581	\$3,352,795	\$3,387,523	\$1,710,971	\$0	\$171,370,251
Forfeiture	\$1,134,273	\$49,218,889	\$8,075,802	\$31,260,924	\$22,799,754	\$6,752,900	\$41,924,418	\$6,118	\$0	\$3,015,480	\$0	\$0	\$0	\$164,188,558
Fines	\$0	\$0	\$0	\$545,500	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$547,000
Special Assessment	\$300	\$1,500	\$1,900	\$2,700	\$900	\$1,600	\$1,300	\$0	\$600	\$300	\$200	\$803	\$0	\$12,103
Civil														
Fines	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$100,000	\$4,185,854	\$9,285,854
Recoveries	\$0	\$0	\$0	\$0	\$3,500,000	\$3,800,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,300,000
Forfeiture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative														
Direct Repayment	\$0	\$2,649,282	\$5,932,985	\$810,000	\$0	\$151,902	\$0	\$0	\$0	\$0	\$0	\$68,029	\$68,029	\$9,612,198
Other Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,881.55	\$8,882
Total Recoveries	\$3,673,223	\$96,702,778	\$32,972,657	\$5,756,2182	\$45,677,594	\$24,314,438	\$60,595,098	\$20,268,858	\$4,727,181	\$6,368,575	\$3,387,723	\$1,879.803	\$4,194,735.55	\$362,324,846
Return on Investment	1.47	38.68	8.24	14.85	8.96	4.23	10.10	3.56	0.83	1.12	0.59	0.29	-	5.53

Export-Import Bank of the United States Office of Inspector General Audits, Inspections, Evaluations, and Other Reviews									
Results	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	As of 02/28/2022	Total
Reports and Memorandums Issued	10	11	12	8	9	7	7	4	68
Questioned Costs or Funds Put to Better Use	\$118,000	\$802,501	\$5,100,000	\$0	\$0	\$0	\$0	\$0	\$6,020,501
Recommendations	42	71	56	39	44	38	19	17	326

⁶ On March 15, 2022, Congress passed, and the President signed into law the Consolidated Appropriations Act, 2022. The approximately \$4.2MM in total recoveries is as of February 28, 2022.