



SEMIANNUAL
REPORT TO CONGRESS
OCTOBER 1, 2014 TO MARCH 31, 2015





EXPORT-IMPORT BANK OF THE UNITED STATES (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank supports the financing of U.S. goods and services in international markets, turning export opportunities into actual sales that help U.S. companies of all sizes to create and maintain jobs in the United States.

Ex-Im Bank assumes the credit and country risks that the private sector is unable or unwilling to accept. Ex-Im Bank also helps U.S. exporters remain competitive by countering the export financing provided by foreign governments on behalf of foreign companies. More than 80 percent of Ex-Im Bank's transactions have been made available for the direct benefit of U.S. small businesses in recent years.

More information about Ex-Im Bank is at www.Ex-Im.gov.

THE OFFICE OF INSPECTOR GENERAL (OIG), an independent office within Ex-Im Bank, was statutorily created in 2002 and organized in 2007. The mission of Ex-Im Bank OIG is to conduct and supervise audits, investigations, inspections, and evaluations related to agency programs and operations; provide leadership and coordination as well as recommend policies that will promote economy, efficiency, and effectiveness in such programs and operations; and prevent and detect fraud, waste, abuse, and mismanagement.

The OIG is dedicated to acting as an agent of positive change to help Ex-Im Bank improve its efficiency and effectiveness. It keeps Ex-Im Bank's Chairman and President and Congress fully informed about problems and deficiencies along with any positive developments relating to Ex-Im Bank administration and operations.

More information about the OIG including reports of audits, inspections, and evaluations is at www.Ex-Im.gov/oig. Information about inspectors general in the U.S. government is at www.ignet.gov.



From the Inspector General

In the first half of FY 2015, the Export-Import Bank Office of Inspector General continued its work in advising the management of the Export-Import Bank and the Congress on recommendations for improving Bank operations and detecting, preventing, and prosecuting fraud. As Congress considers reauthorization of the Bank's charter, the goal of our office is to provide timely, accurate, and credible information to aid legislators and Bank officials in making policy decisions.

During this period, the OIG published seven reports—five audits, one inspection, and one risk assessment. These included the statutorily-mandated audits of the Bank's financial statements and information security. In addition, our office continued its focus on investigating fraud related to Ex-Im Bank transactions. Specifically, the OIG obtained a \$3.8 million civil fraud settlement, obtained three criminal convictions and five indictments or informations in export finance fraud cases, and concluded two employee integrity investigations. Furthermore, the OIG continued its fraud prevention efforts by conducting several training and seminar sessions both inside and outside the Bank.

None of these accomplishments would be possible without the hard work, professionalism, and dedication of our excellent staff. In the coming months, we will continue to work professionally and collaboratively with Ex-Im Bank management and the Congress to address the challenges facing the Ex-Im Bank.

Michael T. McCarthy

DEPUTY INSPECTOR GENERAL



Highlights

The **Office of Audits** completed five audits and one risk assessment:

Audit of the Export-Import Bank of the United States Fiscal Year 2014 Financial Statements

(OIG-AR-15-01, November 14, 2014)

Fiscal Year 2014 Financial Statement Audit—Management Letter

(OIG-AR-15-02, January 14, 2015)

Under a contract overseen by the Office of Audits, Deloitte and Touche LLP conducted the independent audit of Export-Import Bank's financial statements for fiscal year 2014 and found (1) the financial statements were fairly presented, in all material respects, in conformity with U.S generally accepted accounting principles; (2) there were no material weaknesses in internal control; and (3) there were no instances of reportable noncompliance with laws and regulations or other matters it tested. The audit identified one significant internal control deficiency which resulted from errors in the BCL rating for one transaction, a formula error on an input form, and incorrect authorization dates. Management concurred with Deloitte and Touche LLP's recommendation to correct the deficiencies.

In addition to the Independent Auditor's report on the FY 2014 Financial Statements, Deloitte and Touche LLP issued a management letter that identified four other deficiencies in Ex-Im Bank's internal control over financial reporting. Deloitte and Touche LLP made recommendations to correct these deficiencies and management concurred with the recommendations.

Independent Audit of Export-Import Bank's Information Security Program for Fiscal Year 2014

(OIG-AR-15-03, February 9, 2015)

Under a contract overseen by the Office of Audits, Cotton & Company LLP performed an audit of Ex-Im Bank's Information Security Program for FY 2014. Cotton & Company determined that overall Ex-Im Bank was in substantial compliance with the Federal Information Security Management Act of 2002 (FISMA). While Ex-Im Bank continues to improve and strengthen its information security program, it is not compliant with all FISMA requirements. The report included three new recommendations and three re-issued recommendations. Management concurred with the recommendations.

Audit of Export-Import Bank's Short-Term Multi-Buyer Insurance Program

(OIG-AR-15-04, March 23, 2015)

We conducted this audit to determine if the internal control environment and activities for Ex-Im Bank's Short-Term Multi-Buyer Insurance program were designed, operated and updated to provide reasonable assurance of (1) compliance with

applicable laws and regulations and (2) the efficiency and effectiveness of internal operations for underwriting and issuing insurance policies. We found that Ex-Im Bank's internal control environment and activities for the Short-Term Multi-Buyer insurance program were generally designed, operated and updated to provide reasonable assurance of compliance with applicable laws and regulations. However, based on our review of 23 transactions totaling approximately \$25 million in credit limits, we found that underwriters did not comply with the Bank's policies and procedures for 5 transactions totaling over \$5 million in credit limits. One of these transactions resulted in an unsupported questioned cost of \$118,000. While the remaining 18 transactions met the Bank's credit standards, the underwriting decisions for 15 of these transactions, along with the 5 noncompliant transactions, were not sufficiently documented. The report included 7 recommendations for corrective actions and management concurred with the recommendations.

Independent Audit on the Export-Import Bank's Planning and Implementation of the Financial Management System—Next Generation

(OIG-AR-15-05, March 31, 2015)

Under a contract overseen by the Office of Audits, Cotton & Company LLP (Cotton) performed an audit of the Export-Import Bank's planning and implementation of the Financial Management System—Next Generation (FMS-NG). The audit did not identify any significant issues or major risks that would prevent the implementation of FMS-NG. However, the audit found that improvements could be made with the planning and documentation of the implementation of FMS-NG. Specifically, the audit found that Ex-Im Bank did not develop and maintain comprehensive project plans and supporting documentation to ensure that the migration to FMS-NG fully adhered to established plans and that business operations could continue without significant complications. The report included 7 recommendations and management concurred with the recommendations.

Risk Assessment of Export-Import Bank's Purchase and Travel Card Programs

(November 13, 2014)

In accordance with the Government Charge Card Abuse Prevention Act of 2012, we conducted a risk assessment to identify and analyze the risks of illegal, improper, or erroneous use of Ex-Im Bank's purchase and travel cards in order to determine the scope, frequency and number of periodic audits the OIG will conduct. Our risk assessment determined that Ex-Im Bank's risk of illegal, improper, or erroneous use within the purchase and travel card programs was low. Overall, we determined that the purchase and travel card expenditures were immaterial in comparison to Ex-Im Bank's total FY 2013 expenditures; the policies and procedures and internal controls for each program appeared to be sufficient with one exception, and prior recommendations were fully implemented. As a result of our risk assessment, we did



not include audits of Ex-Im Bank's purchase and travel card programs in our FY 2015 Annual Audit Plan. Future audit needs for the purchase and travel card programs will be based on the results of our annual risk assessments.

The **Office of Inspections and Evaluations** (OIE) completed an inspection report on two Ex-Im Bank financings in Ghana and continued working on three additional inspection assignments:

Report on Ghana Credits: Ridge Hospital Complex AP087225XX & Kumawu-Mampong Water Treatment Works, AP083137XX

(OIG-INS-15-01, March 31, 2015)

The Ghana inspection involved the review of two Ex-Im Bank transactions: the \$155.4 million financing for the renovation of the Ridge Hospital Complex ("Ridge") in Accra, Ghana and the \$23.1 million Tied Aid financing for the rehabilitation and expansion of the Kumawu-Mampong Water Treatment Works project ("Water Works") in Mampong, Ghana. Our inspection found the Ridge hospital transaction to be proceeding on time and on budget with a targeted completion date of March 30, 2017. OIG determined that Ex-Im Bank staff performed an appropriate level of due diligence and monitoring and proactively addressed payment risks through structural enhancements to the transaction. The inspection found that while the Water Works Project is operational and provides treated water to the city of Mampong, water distribution to the 22 surrounding communities of Mampong is intermittent. The project's commercial contract and scope of work did not address existing conditions of voltage irregularities and Ex-Im Bank engineering staff did not identify and address these problems during the design, procurement and construction phases of the project. As a result, the completed project does not meet the full scope of work envisioned in Ex-Im Bank's Board Memorandum, nor the development goals of the Tied Aid financing. The report outlines five recommendations for corrective action. Management agreed with four recommendations and disagreed with one of the recommendations.

The **Office of Investigations** concluded the following actions:

Obtained a \$3.8 million settlement in a civil fraud lawsuit

In March 2015 after a lengthy and complex OI investigation, the U.S. Department of Justice announced that Hencorp Becstone Capital L.C. (Hencorp) agreed to pay \$3.8 million to resolve allegations under the False Claims Act that it made false statements and claims to Ex-Im Bank in order to obtain loan guarantees. The government alleged that a former Hencorp business agent created false documentation and that Hencorp acted recklessly by outsourcing key credit review functions to the agent without adequate supervision or oversight.

Investigated criminal fraud cases

During the reporting period, OI agents worked diligently with the Department of Justice to complete several criminal investigations. Based on OI's efforts, agents obtained three convictions, four indictments, and one criminal information in export finance fraud cases against outside parties who schemed to defraud Ex-Im Bank. OI also closed 18 investigations after concluding all remaining actions and prosecutive results in those cases.

Investigated employee integrity matters

During this reporting period, OI closed two cases involving allegations of misconduct by Ex-Im Bank employees. In one case, OI substantiated allegations that a contractor, contractor employees, and an Ex-Im Bank contracting official engaged in a scheme to overstate the hours worked in the second half of October 2013 in order to compensate contractor employees for hours not worked or billed during the shutdown period. The scheme resulted in the payment of approximately \$19,356 for hours not actually worked. In another case, OI substantiated allegations that an Ex-Im employee had been hired despite a prior felony conviction, and while working at Ex-Im Bank, misused IT resources and engaged in conflicts of interest.

Referred information to Ex-Im Bank resulting in administrative actions.

OI Special Agents work collaboratively to share investigative intelligence with Ex-Im Bank to help identify potential and suspected fraudulent activity within Bank transactions and to protect Bank funds at risk. During this reporting period, OI made 80 referrals of investigative information to OGC concerning potential fraud and funds at risk for enhanced due diligence by Ex-Im Bank. OI agents also conducted training and outreach with various lenders and partners to enhance investigative and financial intelligence sharing.



Office of Audits

The **Office of Audits (OA)** conducts and oversees independent and objective audits relating to Ex-Im Bank programs to improve Ex-Im Bank operations. All OIG audits are performed in accordance with generally accepted government auditing standards promulgated by the Comptroller General of the United States. Furthermore, OA refers irregularities and other suspicious conduct detected during audits to the Office of Investigations for investigative consideration.

OA completed five audits and one risk assessment:

- Audit of the Export-Import Bank of the United States Fiscal Year 2014 Financial Statements
- Fiscal Year 2014 Financial Statement Audit—Management Letter
- Independent Audit of Export-Import Bank’s Information Security Program for Fiscal Year 2014
- Audit of Export-Import Bank’s Short-Term Multi-Buyer Insurance Program
- Independent Audit on the Export-Import Bank’s Planning and Implementation of the Financial Management System—Next Generation
- Risk Assessment of Export-Import Bank’s Purchase and Travel Card Programs

At the end of the reporting period, OA had two audits in progress:

- Audit of Export-Import Bank’s Compliance with the Improper Payments Elimination and Recovery Act of 2010
- Audit of the Export-Import Bank of the United States Fiscal Year 2015 Financial Statements

Reports Issued

Audit of the Export-Import Bank of the United States Fiscal Year 2014 Financial Statements

(OIG-AR-15-01, November 14, 2014)

www.Ex-Im.gov/oig/reports/upload/Audit-of-Export-Import-Bank-of-the-United-States-Fiscal-Year-2014-Financial-Statements-OIG-AR-15-001.pdf

Under a contract overseen by the Office of Audits, the OIG engaged the independent public accounting firm of Deloitte and Touche LLP to perform an audit of Export-Import Bank’s financial statements for fiscal year 2014. Deloitte and Touche LLP found (1) the financial statements were fairly presented, in all material respects, in conformity with U.S.



generally accepted accounting principles; (2) there were no material weaknesses in internal control; however, deficiencies were identified that were considered to be, in aggregate, a significant deficiency; and (3) there were no instances of reportable noncompliance with laws and regulations or other matters it tested.

The significant deficiency resulted from errors in the BCL rating of a short term single buyer insurance transaction, a formula error on an input form, and authorization dates for amended working capital guarantees being entered incorrectly. The formula error resulted in a \$42 million understatement in guaranteed loan liabilities as of September 30, 2014, but this was adjusted in the financial statements. The monetary effects of the other errors were immaterial.

Deloitte and Touche LLP recommended that the Bank enhance the effectiveness of the review processes over the risk rating and input form and ensure the OCFO is timely notified of amendments to documents. Management concurred with the recommendation.

Fiscal Year 2014 Financial Statement Audit—Management Letter

(OIG-AR-15-02, January 14, 2015)

www.Ex-Im.gov/oig/reports/upload/OIG-AR-15-02-FY2014-Financial-Statement-Audit-Management-Letter.pdf

Under a contract overseen by the Office of Audits, the OIG engaged the independent public accounting firm of Deloitte and Touche LLP to perform an audit of Export-Import Bank's financial statements for fiscal year 2014. In addition to the significant deficiency reported in the Independent Auditor's report on the FY 2014 Financial Statements, Deloitte and Touche LLP identified four other deficiencies in Ex-Im Bank's internal control over financial reporting. The deficiencies related to (1) terminated users maintaining active accounts in Ex-Im Bank systems, (2) one user who did not require access having privileged access to a bank system, (3) two accounts having access to application servers that was not required based on system functionality purposes and/or assigned job responsibilities, and (4) minimum password complexity, history and length settings not being configured.

Deloitte and Touche LLP recommended that Ex-Im Bank (1) enhance and follow the process for removing user access as part of the employee separation process, (2) expand its review process over the privileged access groups with access to the Ex-Im Online system to ensure all users are given and maintain only the required access based on assigned job responsibilities, (3) establish a review process for privileged access to the application servers to ensure all user and system/service account access privileges are based on assigned job responsibilities and/or required system functionality, and (4) configure the password settings for its servers in accordance with its Access Control Policy and review the settings as required. Management concurred with the recommendations.

Independent Audit of Export-Import Bank's Information Security Program for Fiscal Year 2014

(OIG-AR-15-03, February 9, 2015)

www.Ex-Im.gov/oig/reports/upload/FINAL-FISMA-Report-with-all-applied-redactions.pdf

Under a contract overseen by the Office of Audits, the OIG engaged the independent public accounting firm of Cotton & Company LLP (Cotton) to perform an audit of Ex-Im Bank's Information Security Program for FY 2014. Cotton determined that overall Ex-Im Bank was in substantial compliance with the Federal Information Security Management Act of 2002 (FISMA). While Ex-Im Bank continues to improve and strengthen its information security program, it is not compliant with all FISMA requirements. Specifically, (1) PIV access for multifactor network authentication had not been implemented agency-wide as required by HSPD-12; (2) an effective account management process had not been implemented to ensure accounts are periodically reviewed for appropriateness and disabled when users leave the agency or after a specified period of inactivity; (3) Ex-Im Bank had not completed all Security Assessment and Authorization (SA&A) activities, including a risk assessment, to ensure that it considered all risks associated with introducing a particular technology into its network; (4) management had not implemented appropriate security controls over a certain area identified in the report; (5) management had not implemented certain security controls in compliance with established Bank policies; and (6) management had not implemented an adequate vulnerability management program to ensure that certain vulnerabilities are tracked, assessed, and remediated as appropriate.

The report included three re-issued recommendations and three new recommendations to (1) fully implement the use of PIV cards to achieve multifactor authentication to the Ex-Im Bank network for all access; (2) ensure that the account review process is conducted in accordance with policies and procedures and that inactive accounts are disabled or terminated when required; (3) follow the established SA&A policy and procedures document, implement and test security controls, and develop policies and procedures for the new technology; (4) deploy security controls identified in the report; (5) ensure that certain policies and settings are configured and implemented and test identified security controls to ensure that are operating as intended; and (6) update existing vulnerability management policies and procedures to address tracking, assessing and remediating certain vulnerabilities. Management concurred with the recommendations.

Audit of Export-Import Bank's Short-Term Multi-Buyer Insurance Program

(OIG-AR-15-04, March 23, 2015)

www.Ex-Im.gov/oig/reports/upload/STMB-FINAL-REPORT-for-posting-mtmv2.pdf

We conducted this audit to determine if the internal control environment and activities for Ex-Im Bank's Short-Term Multi-Buyer Insurance program were designed, operated and updated to provide reasonable assurance of (1) compliance with applicable laws and regulations and (2) the efficiency and effectiveness of internal operations for underwriting and issuing insurance policies. We found that Ex-Im Bank's internal control environment



and activities for the Short-Term Multi-Buyer insurance program were generally designed, operated and updated to provide reasonable assurance of compliance with applicable laws and regulations. However, improvements can be made to ensure the efficiency and effectiveness of internal operations for underwriting and issuing insurance policies. Based on our review of 23 transactions totaling approximately \$25 million in credit limits, we found that underwriters did not comply with the Bank's policies and procedures for 5 transactions. These transactions totaled over \$5 million in credit limits and were approved even though the required credit standards were not met or the required Character, Reputational and Transaction Integrity (CRTI) check was not performed prior to approval. One of these transaction resulted in an \$118,000 unsupported questioned cost. While the remaining 18 transactions met the Bank's credit standards, the underwriting decisions for 15 of these transactions along with the 5 noncompliant transactions, were not sufficiently documented. The audit also found that the Bank was unable to provide a complete listing of the Short-Term Multi-Buyer transactions as requested by the auditors and that some exporter scores use to assess exporter risk were incorrectly calculated by the Bank's automatic underwriting system or not calculated in accordance with guidance.

The report included recommendations for Ex-Im Bank to (1) develop and implement procedures to ensure underwriting summaries clearly present the required credit standards and how they were met or mitigated; (2) update policies to ensure operating profit information is collected for certain transactions; (3) develop a procedure to ensure CRTI checks are completed and documented; (4) provide additional training and enhance communication amongst underwriters and directors; (5) consider using the full functionality of the underwriting system to approve lower risk transactions; (6) develop procedures and internal controls such as standard reporting, a data dictionary, and periodic data analyses to ensure management can validate and verify that data for short-term multi-buyer transactions is appropriate, current, complete, accurate, accessible, and can be provided in a timely manner; and (7) ensure exporter scores are properly calculated. Management concurred with the recommendations.

Independent Audit on the Export-Import Bank's Planning and Implementation of the Financial Management System—Next Generation

(OIG-AR-15-05, March 31, 2015)

www.Ex-Im.gov/oig/upload/Final-Export-Import-Bank-s-FMS-NG-Report-3-31-2015-protected.pdf

Under a contract overseen by the Office of Audits, the OIG engaged the independent public accounting firm of Cotton & Company LLP (Cotton) to perform an audit of the Export-Import Bank's planning and implementation of the Financial Management System—Next Generation (FMS-NG). The audit did not identify any significant issues or major risks that would prevent the implementation of FMS-NG. However, the audit found that improvements could be made with the planning and documentation of the implementation of FMS-NG. Specifically, the audit found that Ex-Im Bank did not develop and maintain comprehensive

project plans and supporting documentation to ensure that the migration to FMS-NG fully adhered to established plans and that business operations could continue without significant complications. Overall, it was very difficult for the audit team to identify and follow the planned and performed procedures. Documentation was not organized and readily available and procedures that were performed did not always tie back to the planning documents.

While the audit team was able to gain an understanding of the data conversion planning and validation efforts through the high-level planning documentation, interview, walkthroughs, and the validation results provided by the Bank, Cotton found that the Bank (1) did not sufficiently plan and document the data conversion process, (2) did not perform adequate security assessment and authorization activities for FMS-NG access controls, and (3) did not develop a contingency plan in the event the system was a “no-go” on the production date or had errors during the implementation that prevented it from operating effectively. As a result, Ex-Im Bank’s normal operations could be delayed or impaired. For example, the audit identified that purchase card payments and travel reimbursements were not paid in a timely manner and Ex-Im Bank financial reports were delayed.

The audit report included seven recommendations for Ex-Im Bank to (1) plan, prepare, and maintain sufficient and appropriate documentation for data conversion activities; (2) gather and save key evidence of FMS-NG data-conversion activities; (3) centrally organize and maintain all planning, converting, testing and implementation documentation so that it is readily available, (4) document formal account management procedures for the request, approval creation, review, and removal of FMS-NG accounts; (5) develop and implement an access request form to facilitate the account management process, (6) develop and implement separation-of-duties requirements for FMS-NG administrators, and (7) for current and future systems implementations, develop and document contingencies for essential functions in the event they do not operate effectively post-implementation. Management concurred with the recommendations.

Risk Assessment of Export-Import Bank’s Purchase and Travel Card Programs

(November 13, 2014)

www.Ex-Im.gov/oig/reports/upload/Final-Memo_Risk-Assessment-of-Export-Import-Bank-s-Purchase-and-Travel-Card-Programs.pdf

In accordance with the Government Charge Card Abuse Prevention Act of 2012, we conducted a risk assessment to identify and analyze the risks of illegal, improper, or erroneous use of Ex-Im Bank’s purchase and travel cards in order to determine the scope, frequency and number of periodic audits the OIG will conduct. Our risk assessment covered the period October 1, 2012 through May 31, 2014 and determined that Ex-Im Bank’s risk of illegal, improper, or erroneous use within the purchase and travel card programs was low. Our assessment of “low-risk” was based on the amount of expenditures and a review of the programs’ policies and procedures, internal controls, and findings and recommendations from prior audits. Overall, we determined that the purchase and travel card expenditures



were immaterial in comparison to Ex-Im Bank's total FY 2013 expenditures; the policies and procedures and internal controls for each program appeared to be sufficient with one exception, and prior recommendations were fully implemented. We did note, however, that Ex-Im Bank did not submit its Charge Card Management Plans to the Office of Management and Budget as required. As a result of our risk assessment, we did not include audits of Ex-Im Bank's purchase and travel card programs in our FY 2015 Annual Audit Plan. Due to reputational risks and Congressional interest, however, we did include an audit of Ex-Im Bank's travel budget allocation and voucher processes in the audit plan. Future audit needs for the purchase and travel card programs will be based on the results of our annual risk assessments.

Ongoing Audits

Audit of Export-Import Bank's Compliance with the Improper Payments Elimination and Recovery Act of 2010

To reduce improper payments, the President signed into law the Improper Payments Information Act of 2002 (IPIA) which was then amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA). As amended, IPIA requires agencies to review their programs and activities each fiscal year and identify those susceptible to significant improper payments. In addition, Inspectors General are required to determine whether their respective agencies are compliant with IPERA and may also evaluate the accuracy and completeness of agency reporting and performance in reducing and recapturing improper payments.

We are conducting this audit to determine whether the Export-Import Bank was in compliance with the reporting requirements of IPERA for FY 2014 reporting. In addition, we will assess the accuracy and completeness of Ex-Im Bank's improper payment reporting, the Bank's implementation of prior year audit recommendations, and the Bank's effort to reduce and recover improper payments. The report will be issued in the semiannual period ending September 30, 2015.

Audit of the Export-Import Bank of the United States Fiscal Year 2015 Financial Statements

An independent public accountant (IPA), working under OIG oversight, is conducting an audit to issue an opinion on the accuracy and completeness of Ex-Im Bank's financial statements for FY 2015.



Office of Inspections and Evaluations

The **Office of Inspections and Evaluations (OIE)** conducts independent inspections and policy evaluations to assess the efficiency and effectiveness of Ex-Im Bank's programs, operations, and transactions. All OIE assignments are performed in accordance with Council of Inspectors General on Integrity and Efficiency guidelines and standards including the 2010 Quality Standards for Inspections and Evaluations. OIE works in tandem with the Office of Audit and the Office of Investigations whenever appropriate. Moreover, OIE refers irregularities and other suspicious conduct detected during its reviews to the Office of Investigations for investigative consideration.

During the first half of FY 2015, OIE completed an inspection report on two Ex-Im Bank financings in Ghana:

- Ridge Hospital Complex & Kumawu-Mampong Water Treatment Works

In addition, at the end of the reporting period, OIE had three inspections/evaluations in progress:

- Follow up report on Ex-Im Bank's economic impact procedures.
- Follow-up report on Ex-Im Bank loss reserve and portfolio risk management practices.
- Inspection of Sasan Power Limited Project Financing.

Reports Issued

Report on Ghana Credits:

Ridge Hospital Complex & Kumawu-Mampong Water Treatment Works, AP087225XX & AP083137XX

(OIG-INS-15-01, March 31, 2015)

Available at www.Ex-Im.gov/oig/reports/upload/GHANA-INSPECTION-REPORT-20150331-mtm-FINAL-APPLIED-REDACTIONS_Redacted-040915.pdf

The Ghana inspection involved the review of two transactions: the renovation and expansion of the Ridge Hospital Complex ("Ridge") in Accra, Ghana and the rehabilitation and expansion of the Kumawu-Mampong Water Treatment Works project ("Water Works") in Mampong, Ghana. Ex-Im Bank provided financing in the amount of \$155.4 million to Ridge and Tied Aid financing in the amount of \$23.1 million to the Water Works. The latter contains a \$ 7.8 million grant to provide development assistance to Ghana and to allow U.S. exporters to compete with foreign aid offers. At the time of the report, both financings were current in interest and principal payments. OIG's inspection focused primarily on Ex-Im Bank's performance and adherence to internal policies and procedures. The scope of work involved a thorough analysis of project documents, engineering reports and industry best practices. We conducted site visits and interviews with representatives of the Borrower and related entities, exporters, outside consultants, lenders and Ex-Im Bank staff.



The inspection found the Ridge transaction to be proceeding on time and on budget with a targeted completion date of March 30, 2017. OIG determined that Ex-Im Bank staff performed an appropriate level of due diligence and monitoring and proactively addressed payment risks through structural enhancements to the transaction. We did not substantiate allegations of cost overruns or overbilling on the project.

The inspection found that while the Water Works Project is operational and provides treated water to the city of Mampong, water distribution to the 22 surrounding communities of Mampong is intermittent. The project's commercial contract and scope of work did not address existing conditions of voltage irregularities and Ex-Im Bank engineering staff did not identify and address these problems during the design, procurement and construction phases of the project. As a result, the completed project does not meet the full scope of work envisioned in Ex-Im Bank's Board Memorandum, nor the development goals of the Tied Aid financing. In addition, OIG found that transaction documentation was not readily available for inspection. At the time of the report, the project was current in its principal and interest payments. However, the failure to deliver clean water to the 22 surrounding communities exposes Ex-Im Bank to negative publicity and reputational risk.

In light of these findings, we made five recommendations for corrective action to enhance the level of due diligence, credit analysis, and monitoring activities performed by the bank:

- Ex-Im Bank should conduct a post-mortem review of the Water Works Project to identify ways to improve the process for assessing the technical feasibility of a project and to address any technical related matters.
- Ex-Im Bank should follow OECD guidelines for developmental projects that contain a Tied Aid component.
- Ex-Im Bank should consistently adhere to the monitoring requirements set forth in the Credit Agreement.
- Ex-Im Bank should establish policies and procedures for the borrower and end-user to address grievances with the Bank directly. This is particularly important in developing countries where formal reporting mechanisms may not exist.
- Ex-Im Bank should establish a uniform recordkeeping system that provides for a complete historical record of the approval and monitoring processes for transactions. This would include documenting Bank decisions and the related rationale in the transaction files.

Management agreed with four of OIE's recommendations and disagreed with the recommendation to follow OECD guidelines.

Other ongoing assignments

Evaluation of Ex-Im Bank's economic impact procedures

Ex-Im Bank's economic impact procedures are intended to provide a methodological framework to assure that that Ex-Im Bank's projects do not have an adverse impact on U.S. industry. First introduced to Ex-Im Bank's Charter in 1968, the procedures have been the subject of Congressional scrutiny and public interest. In prior years, both the OIG and the GAO have identified opportunities for improvement in Ex-Im Bank's economic impact procedures. In 2010, OIG published a report titled *Evaluation Report Relating to Economic Impact Procedures*, which made sixteen recommendations. The procedures have been revised since the issuance of this report and in response to a mandate in the 2012 reauthorization legislation. The most recent version of the procedures was approved by Ex-Im Bank's Board of Directors on November 19, 2012 and took effect April 1, 2013. This evaluation complements OIG's prior report by analyzing the new procedures in the context of OIG's prior findings and recommendations and the legislative mandate. OIE expects to publish the results of its evaluation during the next semi-annual period.

Follow-up report on Ex-Im Bank loss reserve and portfolio risk management practices

In separate reports, both OIG and GAO have identified opportunities for Ex-Im Bank to strengthen its loss reserve and risk management practices. In September 2012, OIG issued a report titled *Report on Portfolio Risk and Loss Reserve Allocation Policies*, which made seven recommendations. OIE's follow-up report seeks to assess Ex-Im Bank's progress to date on the various recommendations put forth in the two reports and to benchmark the bank's current risk management policies with best practices.

Inspection of Sasan Power Limited Project Financing

OIG seeks to assess the level of due diligence, credit analysis and monitoring conducted by Ex-Im Bank for this transaction. In addition, OIG will validate compliance with Ex-Im Bank's policies and procedures. OIE expects to complete its evaluation during the next semi-annual period.



Office of Investigations

The **Office of Investigations (OI)** conducts and coordinates investigations relating to alleged or suspected violations of laws, rules, or regulations occurring in Ex-Im Bank programs and operations. The subjects of OI investigations can be program participants, contractors, Ex-Im Bank management, or employees. OI Special Agents investigate suspected violations of Federal law, rules, or regulations which may result in criminal or civil prosecution and/or administrative sanctions. OI's investigations are supported by Investigative and Financial Analysts who conduct tactical and strategic intelligence analysis in support of OI's investigations.

Summary of Investigations

OI evaluates all reports of possible fraud or illegality affecting Ex-Im Bank programs and activities. Such reports are received from a variety of sources including Ex-Im Bank employees, Ex-Im Bank Office of General Counsel, participants in Ex-Im Bank transactions, other government agencies, and the Ex-Im Bank OIG Hotline. Evaluations that identify reasonable indications of possible fraud or illegality result in an investigation. These investigations are summarized in the table below.

Activity	Investigations
Open as of September 30, 2014	41
Opened during period	8
Closed during period	18
Open as of March 31, 2015	31

Of the 31 current open investigations, the following table depicts the category of Ex-Im program affected by the investigation based on the allegations received:

Program	Number of Investigations
Export Credit Insurance	14
Loan Guarantee	6
Working Capital Guarantee	4
Program Integrity	4
Employee Integrity	3



Summary of Investigative Results

The Office of Investigations obtained the following investigative actions during this reporting period.

Description	OIG	Joint Activities*	Total
Matters Referred for prosecution consideration	7	2	9
Criminal Indictments, Informations, Complaints		5	5
Guilty Pleas Entered		2	2
Criminal Judgments	1		1
Civil Recoveries	1		\$3.8 million
Prison Time (months)		108	108
Debarments/Exclusions (months)			36
Court Ordered Fines, Restitution, and Forfeiture			\$147,697
Administrative Actions**	2		2
Administrative Employee Actions***	2		2
Administrative Cost Savings and Repayments	\$19,356		\$19,356

* Joint investigations with other law enforcement agencies.

** Administrative actions are responses by Ex-Im Bank to stop transactions, cancel policies, or protect funds at risk based upon investigative findings.

*** Administrative employee actions are responses by Ex-Im Bank to terminate or discipline Ex-Im Bank employees based upon investigative findings.

Export Credit Insurance and Guarantee Programs

Ex-Im Bank’s export credit insurance and guarantee programs have been susceptible to fraud schemes by foreign borrowers, U.S. based exporters, and other transaction participants. One fraudulent scheme to exploit these programs involves the falsification of shipping records to convince Ex-Im Bank that the described goods have been shipped when in fact they have not. Other fraud schemes involve submitting false financial statements of foreign borrowers in order to induce Ex-Im Bank to provide its guarantee coverage for a loan for which they might otherwise be ineligible, and by submitting false documentation to the guaranteed lender and Ex-Im Bank regarding the shipment, nature, or quantity of the U.S. goods allegedly being exported.

Successful investigative efforts within the export credit insurance and guarantee programs during the reporting period include the following:

On October 14, 2014, based on a warrant obtained by OI agents, U.S. Customs and Border Patrol (CBP) Officers arrested Julian Gaspar-Vazquez (Gaspar) as he entered the United States from Mexico at El Paso, TX. OI agents obtained an indictment against Gaspar in the Southern District of Florida charging Gaspar with bank fraud (18 U.S.C. 1344). The indictment alleged

that during 2006—2010, Gaspar operated a Mexican company called Ecologia en Tratamientos de Agua, S.A. de C. V. (ETA). Gaspar allegedly created a myriad of false documents and submitted them to a Miami, FL bank and to Ex-Im Bank. As a result of the alleged fraud, Gaspar's loan defaulted causing a loss to Ex-Im Bank of approximately \$3.6 million. Gaspar pled guilty February 12, 2015 and his sentencing was scheduled for May 22, 2015.

On March 12, 2015, as the result of a lengthy and complex OIG investigation, the U.S. Department of Justice (DOJ) announced that Hencorp Becstone Capital L.C. (Hencorp) agreed to pay \$3.8 million to resolve allegations under the False Claims Act that it made false statements and claims to Ex-Im Bank in order to obtain loan guarantees. In Ex-Im guarantee transactions, the lender is responsible for performing a credit review of the transaction to ensure that it meets applicable criteria. The government alleged that Ricardo Maza, a Peruvian-based former Hencorp business agent, created false documentation to obtain Ex-Im Bank guarantees on fictitious transactions on which no products were sold or exported, and that Hencorp acted recklessly by outsourcing key credit review functions to Maza without adequate supervision or oversight. The government alleged that Maza then diverted the proceeds of the loans to himself and to his friends and business associates in Peru, and that the transactions resulted in losses to the Ex-Im Bank when the loans were not repaid. In 2012, Mario Mimbella, 64, of Miami, FL, the purported U.S.-based exporter on three of the fraudulent transactions, pled guilty to making false records for his participation in the scheme and was later sentenced to prison.

On January 30, 2015, Ricardo J. Beato of Miami, FL, appeared in U.S. District Court for the Southern District of Florida and pled guilty to a single count of conspiracy to commit wire fraud, in violation of 18 U.S.C. § 371. Beato was charged the previous day via a criminal complaint, which stated that Beato was the co-owner of Approach Technologies International, LLC (ATI), a telemarketing software company in Miami Lakes, FL. Beato conspired with various co-conspirators to submit false documents to a private lending company and to Ex-Im Bank to secure an Ex-Im Bank loan guarantee. The Ex-Im Bank loan defaulted, causing a loss of approximately \$1.9 million.

On January 29, 2015, OI agents obtained an indictment against Jorge Amad, who was a co-owner of ATI. The indictment charged Amad with Conspiracy to Commit Wire Fraud and Money Laundering, in violation of 18 U.S.C. §§ 1349, 1343, 1956(h), and 1957. Agents arrested Amad on February 4, 2015 in Miami, FL. According to the indictment, Amad conspired with five other subjects to create and submit false documents to a lending bank and ultimately to Ex-Im Bank in furtherance of an Ex-Im Bank loan guarantee application. The indictment alleges that upon receipt of the Ex-Im guaranteed loan proceeds from co-conspirators, Amad made loan payments on an ATI business loan. Amad's trial date is pending.



On September 16, 2014, OI agents obtained an indictment against Richard Grinhaus and Fernando Pascual-Jimenez, both of Mexico. On January 30, 2015, U.S. Customs and Border Protection and Homeland Security Investigations (HSI) agents arrested Pascual as he arrived in Las Vegas, NV, on an international flight. According to the indictment, Pascual owned and operated CEMEC Commercial, S.A. de C.V. (CEMEC), a company located in Queretaro, Mexico. According to the allegations in the indictment, from in or around July 2005 through July 2010, Pascual conspired with Grinhaus to obtain an Ex-Im Bank guaranteed loan for exporting U.S. goods overseas. The indictment alleges that Pascual and Grinhaus conspired to create false documents and did not use the loan proceeds for the purchase and shipment of the goods guaranteed by Ex-Im Bank. Pascual's trial date is pending. OI is still pursuing Grinhaus' arrest.

Export-Import Bank Employee & Program Integrity

OI conducts investigations involving allegations of criminal activity or serious misconduct by Ex-Im Bank employees that could threaten its reputation, the quality or validity of executive decisions, the security of personnel or business information entrusted to Ex-Im Bank, or result in financial loss. Successful investigative efforts within the employee integrity area concluded during the period include:

OIG investigated allegations that an Ex-Im Bank employee was hired despite a felony conviction and provided improper assistance to his former employer bidding on a contract. The investigation substantiated that the employee had a felony conviction and participated in the procurement process for the contract. The investigation also found that the employee maintained outside part-time employment with another company, made unsuccessful efforts to obtain contracts for the part-time employer, and misused government IT resources. OIG referred the investigative findings to Ex-Im Bank, and Ex-Im Bank management removed the employee from federal employment and replaced managers responsible for hiring and supervising the employee. The Bank reviewed procurement actions but concluded that the actions of the employee did not require those procurements to be modified or re-competed.

OIG investigated an allegation that certain contractor employees were improperly paid during the October 2013 government shutdown. The allegations were substantiated. Witnesses provided testimonial and documentary evidence establishing that a contractor, contractor employees, and an Ex-Im Bank contracting official engaged in a scheme to overstate the hours worked in the second half of October 2013 in order to compensate contractor employees for hours not worked or billed during the shutdown period. The scheme resulted in the payment of approximately \$19,356 for hours not actually worked. After OIG shared the investigative findings with OGC and Ex-Im Bank management, the

employee resigned before disciplinary action was initiated. Ex-Im Bank terminated the contract and is recovering the \$19,356 in improper payments.

OI conducts investigations into violations of Federal laws affecting the integrity of Ex-Im Bank's programs and the public's trust and reliance on those programs and representations. These investigations involve allegations such as the misuse of official government seals and letterhead; forgeries of bank officials' signatures; false Letters of Interest; or other misrepresentations or misconduct in which criminals falsely purport to victims that they have the authority, approval, or support of Ex-Im Bank. Successful investigative efforts within the program integrity area during the period include:

In a joint investigation with the Defense Criminal Investigation Service (DCIS) and Federal Bureau of Investigation, Stanley P. Phillips, age 48, of Dothan, AL, was sentenced to 108 months in prison by U.S. District Judge Beth Bloom in the Southern District of Florida. Judge Bloom also ordered Phillips to pay \$147,697 in restitution and a \$800 special assessment. Phillips was indicted on November 14, 2013 for wire fraud, in violation of 18 U.S.C. § 1343. Phillips was convicted at a jury trial on December 11, 2014. The wire fraud charge stemmed from Phillips defrauding two military construction projects. Phillips also obtained a \$30 million Ex-Im Bank Letter of Interest (LOI) in March 2013 for a purported construction project in Ghana. Phillips provided false information to Ex-Im Bank to secure the LOI. The prosecutor presented Phillips' fraudulent LOI activity to the judge as a sentencing enhancement.

Other Investigative Results

To the extent permissible and within the confines and limitations of an investigation, OI Special Agents work collaboratively to share investigative intelligence with OGC, Credit and Risk Management Division, and Asset Management Division of Ex-Im Bank to help identify potential and suspected fraudulent activity within Bank transactions and to protect Bank funds at risk.

During this reporting period, OI communicated with Ex-Im Bank management to enhance the monitoring of existing transactions and due diligence reviews of proposed transactions based on developed investigative leads. OI shared active law enforcement intelligence with OGC on several matters concerning suspected criminal activity by participants involved in active policies or transactions under review.

OI made 80 referrals of investigative information to OGC concerning potential fraud and funds at risk for enhanced due diligence by Ex-Im Bank.



These efforts are part of the OI objective to expeditiously protect funds at risk concurrent in monitoring, oversight, and collection efforts involving transactions in which fraud is uncovered.

Hotline Activity

The Ex-Im Bank OIG maintains a hotline to receive reports of fraud, waste, and abuse in Ex-Im Bank programs and operations. Hotline reports are evaluated by our investigative team and, based on the available evidence, may result in the initiation of an investigation, audit, referral to other law enforcement authorities having jurisdiction, or referral to management for administrative action.

The OIG received two hotline reports during the reporting period. Both reports were resolved and closed by the hotline.

Hotline reports can be made by any of the following methods:

- Phone at 1-888-OIG-Ex-Im (1-888-644-3946),
- E-mail to IGhotline@Ex-Im.gov, or,
- In person or mail/delivery service to Ex-Im Bank OIG Hotline, Office of Inspector General, 811 Vermont Avenue, NW, Washington, D.C. 20571

The OIG will not disclose the identity of a person making a report through the hotline without their consent unless the IG determines such disclosure is unavoidable during the course of an investigation.



Office of Inspector General Management Initiatives

Fraud Awareness Training and Outreach

As part of the OIG's mission to prevent and detect fraudulent activity, efforts have been made to meet with and educate stakeholders about the various risks and fraud scenarios most commonly seen in trade finance, export credit fraud, and money laundering cases.

OIG participates in the Bank's mandatory new employee orientation program to educate new Bank federal employees on their responsibilities and how to spot indicators of fraud. In 2015, OIG worked with Ex-Im Bank's Office of Security Services and OGC personnel to develop and implement an OIG/Security/Ethics awareness training program for all Ex-Im Bank contractor employees. As a result of this OI-led initiative, all current contractor employees were briefed on OIG, security, and ethics reporting requirements and standards.

During this reporting period, OIG coordinated with Ex-Im Bank IT personnel to add an OIG website link on the Ex-Im Online (EOL) customer portal. Upon logging into the EOL portal, customers now see the OIG logo and the waste, fraud, and abuse reporting number, e-mail address, and OIG website link. OI also worked with IT staff to enhance OIG's Web presence on the Ex-Im Bank intranet landing page.

OIG also worked with Ex-Im staff to publish an OIG update and OIG fraud reporting procedures to over 140 Ex-Im Brokers. These actions will promote better visibility for the OIG mission and will hopefully promote the reporting of waste, fraud, and abuse related to Ex-Im Bank programs.

During this reporting period, OI representatives conducted briefings on common fraud scenarios and money laundering patterns with representatives from Royal Bank of Scotland, BNP Paribas, JP Morgan Chase, and PEFECO.

On March 5, 2015, OI representatives participated in a panel discussion presentation at the Florida International Bankers Association (FIBA) annual anti-money laundering compliance conference in Miami, FL. The presentation focused on trade-based money laundering and fraud prevention issues.

International and Domestic Collaboration

The OIG participates in meetings with the Berne Union, the worldwide organization of export credit, insurance, and investment agencies. These meetings allow the OIG to discuss areas of interest in the export credit field and to benchmark Ex-Im Bank's practices with other export credit agencies. Since the majority of OIG investigations and inspections



are focused on international transactions, the OIG continually seeks to partner with international organizations to collaborate and exchange ideas and information on how to work together in identifying, preventing, and investigating fraud.

Council of Inspectors General on Integrity and Efficiency

The OIG participates in the activities of the Council of Inspectors General on Integrity and Efficiency (CIGIE), including the Legislation Committee and the Inspection and Evaluation Committee, as well as the Council of Counsels to the Inspectors General.

Review of Legislation and Regulations

Pursuant to section 4(a)(2) of the Inspector General Act of 1978, as amended, the OIG reviews proposed and existing legislation and regulations related to Ex-Im Bank's programs and operations. During the reporting period, the OIG worked through the CIGIE Legislation Committee to monitor and comment on proposed legislation on Inspector General reforms. The OIG also provided technical assistance on Ex-Im reauthorization legislation.

Government Accountability Office

The Inspector General (IG) Act states that each IG shall give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and ensuring effective coordination and cooperation. During the reporting period, the OIG shared information with GAO and met with GAO officials to discuss ongoing and planned work. The Government Accountability Office did not issue any reports during the reporting period that addressed Ex-Im Bank procedures or mission.

Peer Review Reporting

The Ex-Im Bank OIG audit function last passed peer review on September 24, 2014 and all recommendations have been fully implemented. The Ex-Im Bank OIG investigations function last passed peer review on May 22, 2014, and all recommendations have been fully implemented. The next peer reviews are scheduled for 2017.

On April 22, 2014, the Ex-Im Bank OIG completed a peer review of the audit function of the Commodity Futures Trading Commission (CFTC) OIG. All recommendations have been fully implemented.



Appendix A

Open Recommendations from Prior Reporting Periods

This table shows that 29 recommendations from 13 reports issued prior to September 30, 2014 remain open at the end of this reporting period. 10 open recommendations are from reports issued in FY 2014. The remaining 19 open recommendations are from reports issued from FY 2010 to FY 2013. Reports from prior periods are no longer listed when all recommendations have been closed.

Report Date	Report Title	Recommendations				Latest target closure date
		Total	Open	Closed	Unresolved	
Last Period (4/1/14-9/30/14)						
Audits						
OIG-AR-14-06 15 Apr 2014	Improper Payments Reporting	2	1	1	0	11/30/14
Inspections and Evaluations						
OIG-INS-14-02 24 Sept 2014	Report on Punj Lloyd Solar Power, LTD	3	2	1	0	3/31/2015
OIG-INS-14-01 18 June 2014	Report on PNG LNG Project Financing	3	2	1	0	3/31/2015
Prior Periods (prior to 4/1/14)						
Audits						
OIG-AR-14-03 26 Mar 2014	FY 2013 Information Security Program and Practices Audit	6	2	4	0	9/30/15
OIG-AR-14-01 11 Dec 2013	Audit of Ex-Im Bank's Content Policy	3	3	0	0	9/30/15
OIG-AR-13-05 26 Sept 2013	Audit of Ex-Im Bank's Management of the Direct Loan Program	4	2	2	0	9/30/15
OIG-AR-12-05 28 Sep 2012	Audit of Export-Import Bank's Short-Term Insurance Program	10	4	6	0	9/30/15
OIG-AR-12-04 24 Jan 2012	Audit of Information Technology Support for Export-Import Bank's Mission	11	1	10	0	9/30/15
Inspections and Evaluations						
OIG-INS-13-01 30 Sep 2013	Inspection Report on Minera y Metalurgica del Boleo S.A.	7	6	1	0	3/31/15
OIG-INS-12-02 28 Sep 2012	Report on Portfolio Risk and Loss Reserve Allocation Policies	7	2	3	2	6/30/15
OIG-INS-12-01 27 Mar 2012	Report on Performance Metrics for Operational Efficiency and Customer Service, Phase 1	8	1	7	0	3/31/15
OIG-EV-10-03 17 Sep 2010	Evaluation Report Relating to Economic Impact Procedures	16	1	15	0	—
Other Reports						
OIG-SR-11-01 7 Jun 2011	Review of the Export-Import Bank Nigeria Banking Facility	3	2	1	0	3/31/2015
TOTALS		83	29	52	2	



Appendix B

Audit and Inspection Reports Issued from October 1, 2014– March 31, 2015

Report Number/ Date	Report Title	Management Decisions Reached on Recommendations	Total Questioned Costs	Unsupported Costs	Funds for Better Use	Disallowed Costs
1 OIG-AR-15-01 14 Nov 2014	FY 2014 Financial Statement Audit	N/A	0	0	0	0
2 OIG-AR-15-02 14 Jan 2015	FY 2014 Financial Statement— Management Letter	5/5	0	0	0	0
3 OIG-AR-15-03 9 Feb 2015	FY 2014 FISMA Audit	3/3	0	0	0	0
4 OIG-AR-15-04 23 Mar 2015	Audit of Short Term Multi-buyer Insurance	7/7	\$118,000	\$118,000	0	0
5 OIG-AR-15-05 31 Mar 2015	Planning and Implementation of FMS-NG	7/7	0	0	0	0
6 OIG-INS-15-01 31 Mar 2015	Inspection of Ghana Credits—Ridge Hospital and Water Works	5/5	0	0	0	0
Totals			\$118,000	\$118,000	0	0



Appendix C

Significant Recommendations

from Previous Semiannual Reports on which Corrective Action Has Not Been Completed

We have identified three significant recommendations from previous semiannual reports on which corrective action has not been completed.

OIG-INS-12-02, Report on Portfolio Risk and Loss Reserve Allocation Policies, Issued September 27, 2012:

Recommendation 2: Together with external subject matter experts, the Chief Financial Officer (CFO) should design and implement a formal governance framework for the use of financial models. This framework should include policies and procedures for model-validation including external validation of the model's integrity, model ownership and testing.

Expected implementation date: December 31, 2015

Recommendation 5: Ex-Im Bank should create the position of Chief Risk Officer (CRO) to oversee the design and implementation of an agency-wide risk management function. The CRO should have sufficient independence in the organizational structure from the business units whose activities and exposures it reviews. Working with Ex-Im Bank senior management and the Board of Directors, the CRO would be responsible for drafting, presenting, and then implementing approved key risk policies including a portfolio risk mitigation policy, a financial model governance policy, as well as broader financial governance issues.

Expected implementation date: December 31, 2015

OIG-AR-13-05, Audit of Ex-Im Bank's Management of the Direct Loan Program, Issued September 26, 2013:

Recommendation 4: To improve records management practices, Ex-Im Bank's Chief Information Officer and Enterprise Risk Committee should jointly evaluate Ex-Im Bank's recordkeeping practices to: (a) identify operational risks and impacts on Ex-Im Bank's ability to achieve credit program goals and objectives; and (b) develop and implement a plan to timely address deficiencies found and ensure compliance with applicable Federal laws, regulations and guidance while balancing the needs of Ex-Im Bank's business units.

Expected implementation date: September 30, 2015



Appendix D

Inspector General Act Reporting Requirements

Inspector General Act Citation	Requirement definition	Page
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	5-8
Section 5(a)(2)	Recommendations for Corrective Actions	12-16 & 20-21
Section 5(a)(3)	Prior Significant Audit Recommendations Yet to Be Implemented	41
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	27
Sections 5(a)(5) and 6(b)(2)	Summary of Refusals to Provide Information	None
Section 5(a)(6)	Audit Products Issued Including Total Dollar Values of Questioned Costs, Unsupported Costs, and Recommendations that Funds Be Put to Better Use	39
Section 5(a)(7)	Summary of Particularly Significant Reports	5-8 & 12-21
Section 5(a)(8)	Total Number of Reports and Total Dollar Value for Audits with Questioned Costs	37 & 39
Section 5(a)(9)	Total Number of Reports and Total Dollar Value for Audits with Recommendations that Funds Be Put to Better Use	None
Section 5(a)(10)	Summary of Prior Audit Products for which No Management Decision Has Been Made	37
Section 5(a)(11)	Description and Explanation of Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the Inspector General Disagreed	None
Section 5(a)(13)	Reporting in Accordance with Section 5(b) of the Federal Financial Management Improvement Act of 1996 Remediation Plan	None
Sections 5(a)(14), (15) and (16)	Peer Reviews Conducted and Outstanding Recommendations	35

How to report fraud, waste, and abuse

The Inspector General Act of 1978 states that the Inspector General (IG) may receive and investigate complaints or information concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority or a substantial and specific danger to the public health and safety. Whether reporting allegations via telephone, mail, or in person, the OIG will not disclose the identity of persons making a report without their consent unless the IG determines such disclosure is unavoidable during the course of the investigation. You may submit your complaint or information by these methods:

In person

Office of Inspector General
Export-Import Bank of the U.S.
811 Vermont Avenue, NW
Washington, D.C. 20571

Telephone

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

Mail

Office of Inspector General Hotline
Export-Import Bank of the U.S.
811 Vermont Avenue, NW
Washington, D.C. 20571

E-mail

IGHotline@Ex-Im.gov



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