



SEMIANNUAL
REPORT TO CONGRESS
OCTOBER 1, 2013 TO MARCH 31, 2014





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.exim.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.exim.gov/oig.

Information about inspectors general in the U.S. government is at www.ignet.gov.



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From the Inspector General

We are pleased to report our last six months' work. Our office continues to enhance the viability, soundness, efficiency, and effectiveness of the Export-Import Bank of the United States (Ex-Im Bank). Ex-Im Bank has experienced significant asset growth over the past several years, specifically through its Direct Loan Program. The challenging economic environment, changes in the composition of its product portfolio, and Congressional interest led us to focus on the growth in the Direct Loan program as represented by the audit report entitled *Export-Import Bank's Content Policy: Opportunities Exist to Improve Controls and Address the Impact of Voluntary Reporting* (OIG-AR-14-01, December 11, 2013). This audit found that Ex-Im Bank has limited assurance in its short-term and medium-term programs that (1) content requirements are met, (2) it finances only eligible exports, and (3) financing activities effectively achieve the agency's mission of maintaining or increasing U.S. employment.

Also, the OIG supervised and concluded the oversight of Ex-Im Bank's Financial Statement audit performed by an external accounting firm. The independent public accountant issued an unqualified opinion on Ex-Im Bank's financial statements. However, this audit identified reporting deficiencies totaling approximately \$610 million related to Ex-Im Bank's internal controls over financial reporting. This total includes approximately \$112 million in corrections due to inaccurate subsidy re-estimates and an understatement of 2012 working capital guarantee exposure of approximately \$495 million.

In addition, our office continued its focus on investigating fraud related to Ex-Im Bank transactions and strengthening our ability to investigate and prosecute export fraud globally. Specifically, the OIG (1) extradited a fugitive from Argentina who participated in a number of Ex-Im Bank fraudulent transactions and (2) obtained approximately \$42 million in criminal restitution, forfeiture, and fines as the result of three criminal judgments arising out of investigations conducted by the OIG. The OIG also conducted significant employee integrity investigations that resulted in two Ex-Im Bank employees being proposed for dismissal. Furthermore, the OIG continued to enhance its investigative capabilities, investigative support, and outreach efforts by conducting several training and seminar sessions with commercial banks that participate in export finance activities. None of these accomplishments would be possible without the hard work, professionalism, and dedication of our excellent staff.

A handwritten signature in blue ink, appearing to read 'Osvaldo L. Gratacós', is positioned above the name.

OSVALDO L. GRATACÓS



Highlights

The **Office of Audits** completed three audits during the six months ending on March 31, 2014.

Export-Import Bank's Content Policy: Opportunities Exist to Improve Controls and Address the Impact of Voluntary Reporting

(OIG-AR-14-01, December 11, 2013)

Given the growth of Ex-Im Bank's overall portfolio since fiscal year 2008 (approximate 94%) and Ex-Im Bank's mandate to create jobs in the U.S., we reviewed Ex-Im Bank's ability to determine the domestic content of the goods and services it finances. Generally, the audit found that due to the lack of verification efforts and concerns regarding exporter certifications of content, Ex-Im Bank has limited assurance in its short-term and medium-term programs that (1) content requirements are met, (2) it finances only eligible exports, and (3) financing activities effectively achieve the agency's mission of maintaining or increasing U.S. employment.

This audit recommended that Ex-Im Bank should (1) implement procedures to verify exporter self-certifications for a representative sample of transactions each fiscal year; (2) resolve with the Board of Directors the outstanding requirement to provide annual reports based on content reports and foreign content review procedures; and (3) establish mechanisms to obtain specific, measurable, and reliable data to analyze the impact of any content-related procedural changes approved by the Board of Directors by the end of 2013. Management concurred with the recommendations.

Export-Import Bank of the United States Fiscal Year 2013 Financial Statements

(OIG-AR-14-02, December 13, 2013), and

Fiscal Year 2013 Financial Statement Audit—Management Letter

(OIG-AR-14-04, March 21, 2014)

This audit identified deficiencies involving Ex-Im Bank's internal control over financial reporting for the period from October 1, 2012 through September 30, 2013. Some of these deficiencies, as stated in *Fiscal Year 2013 Financial Statement Audit—Management Letter* (OIG-AR-14-04, March 21, 2014), were as follows:

- Incorrect working capital guarantee maturity dates resulted in exclusions of some working capital guarantees from Ex-Im Bank's 2012 portfolio. This resulted in an understatement of 2012 working capital guarantees exposure and the allowance for working capital guarantees of approximately \$495 million and \$2.9 million, respectively.
- The fiscal year 2013 subsidy re-estimate journal entry was incorrectly recorded—the guarantee provision was incorrectly recorded as insurance provision. The subsidies for guarantee and insurance transactions were correctly calculated. However, the subsidies for the cohort year 2012 for insurance and guarantee transactions were not included in

At a glance

- Domestic content policy audit
- Financial statement audit for fiscal year 2013
- FISMA audit
- Criminal judgments

the subsidy re-estimate journal entry and therefore were not recorded. Subsequently, the downward and upward subsidies were understated by approximately \$80 and \$10 million, respectively at September 30, 2013. Ineffective review of the journal entries prior to posting could potentially cause an incorrect subsidy re-estimate journal entry and therefore an inaccurate subsidy recorded in the financial statements.

Fiscal Year 2013 Information Security Program and Practices Audit

(OIG-AR-14-03, March 26, 2014)

The independent public auditor determined that, overall, Ex-Im Bank continues to improve and strengthen its information security program and is addressing the challenges in each of the areas that the Office of Management and Budget identified for the fiscal year 2013 Federal Information Security Management Act of 2002 (FISMA) review. However, Ex-Im Bank is not compliant with all FISMA requirements. The report contains six recommendations for corrective action. Management concurred with the recommendations and we consider management's proposed actions to be responsive.

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

- Obtained three criminal judgments resulting in 135 months' imprisonment, 108 months' probation, and approximately \$42 million in criminal restitution, forfeiture, and special assessments;
- Referred significant findings from employee integrity investigations to Ex-Im Bank management resulting in two Ex-Im Bank employees being proposed for dismissal;
- Obtained one plea agreement entered in court by a subject pursuant to ongoing investigative matters;
- Provided 38 reports of investigative information to Ex-Im Bank Office of General Counsel concerning potential funds at risk to support enhanced due diligence efforts in approving, processing, and monitoring export credit loan guarantees and insurance policies, and;
- Referred 11 investigative matters to the Department of Justice for prosecutive decision.



Office of Inspector General management initiatives

New staff

The OIG is pleased to announce that Michael McCarthy joined the OIG as the Legal Counsel to the Inspector General. Mr. McCarthy has worked in all three branches of government. Most recently, he was a senior counsel with the U.S. Department of the Treasury and previously worked at the Administrative Conference of the United States and Department of Justice. On Capitol Hill, Mike served as general counsel to the House Committee on Oversight and Government Reform and as staff director of that panel's Subcommittee on Government Management.

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.

Further, during the reporting period, OIG staff participated in panels and presentations with the Florida International Bankers Association and the International Factoring Association.

Council of Inspectors General on Integrity and Efficiency

The OIG participates in the Professional Development Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The committee provides educational opportunities, supports the development of personnel, provides opportunities for training and development of OIG staff, and establishes training to meet continuing education requirements. The OIG Office of Inspections and Evaluations participates in the CIGIE Inspection and Evaluation Committee, which leads the development of protocols for reviewing management issues that cut across departments and agencies, promotes the use of advanced program-evaluation techniques, and fosters awareness of evaluation and inspection practices in OIGs.

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 data transparency, computer matching, and information security.



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.

No Government Accountability Office reports were issued during this reporting period that addressed Ex-Im Bank procedures or mission. The OIG has shared information with GAO as part of ongoing reviews of Ex-Im Bank that GAO is currently conducting.



Office of Audits

Summary of Audit Activities

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 three audits during the six months ended March 31, 2014:

- Export-Import Bank's Content Policy: Opportunities Exist to Improve Controls and Address the Impact of Voluntary Reporting
- Audit of Export-Import Bank of the United States Fiscal Year 2013 Financial Statements
- Fiscal Year 2013 Information Security Program and Practices Audit

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

- Audit of Export-Import Bank's Controls over Sponsored Travel
- Audit of Export-Import Bank's Compliance with the Improper Payments Information Act of 2002 for Fiscal Year 2012

Reports Issued

Export-Import Bank's Content Policy: Opportunities Exist to Improve Controls and Address the Impact of Voluntary Reporting

(OIG-AR-14-01, December 11, 2013)

www.exim.gov/oig/upload/OIG-Final-Report-Audit-of-Ex-Im-Bank-s-Content-Policy-12-11-13.pdf

Ex-Im Bank provides competitive export financing to help U.S. businesses sell their goods and services overseas. In doing so, Ex-Im Bank contributes to the employment of U.S. workers. Ex-Im Bank's content policy connects its financing activities to U.S. jobs by limiting the amount of foreign content (foreign labor, materials, and other production costs) that can benefit from Ex-Im Bank financing. Ex-Im Bank relies on U.S. content as a proxy to evidence support for U.S. jobs. In fiscal year (FY) 2012, Ex-Im Bank reported supporting an estimated 255,000 U.S. jobs. Over the last five years, Ex-Im Bank has reported supporting more than one million U.S. jobs. The OIG initiated an audit to evaluate Ex-Im Bank's implementation of its content policy and assess its procedures for determining the U.S. and foreign content of exported goods and services.

Ex-Im Bank's content requirements ensure U.S. jobs benefit from Ex-Im Bank programs. Moreover, exported goods and services must meet content requirements to be eligible for Ex-Im Bank financing. However, the OIG found that only long-term transactions are subject to procedures that could identify content-related discrepancies. For all other transactions, Ex-Im Bank largely relies on exporter self-certifications and criminal penalty warnings to ensure content requirements are met and to deter exporters from making false statements.



Several Ex-Im Bank divisions have opportunities to review content-related information; however, none are responsible for implementing control activities such as verifying exporter certifications of content. Furthermore, the Government Accountability Office (GAO) reported that Ex-Im Bank lacks a sound basis for workforce planning and for determining when such additional control activities might be needed to manage operational risks.

GAO “Standards for Internal Control in the Federal Government” states that controls should provide reasonable assurance that the objectives of the agency are being achieved. Although compliance with Ex-Im Bank’s content requirements is not indicative of a successful or failed business transaction, it is one of the basic requirements for doing business with Ex-Im Bank. Due to the lack of verification efforts and because the OIG identified concerns regarding exporter certifications of content, Ex-Im Bank has limited assurance that (1) content requirements are met, (2) it finances only eligible exports, and (3) financing activities effectively achieve the agency’s mission of maintaining or increasing U.S. employment.

Because Ex-Im Bank made submission of content reports voluntary, it has not received any statistically valid data to date.

Ex-Im Bank revised its content policy in 2001. In exchange for allowing flexibility in content calculations, Ex-Im Bank requested exporters to submit detailed content reports. Such information would allow Ex-Im Bank, Congress, and the Department of Labor to analyze the impact of the policy changes, develop specific content trends, and conduct follow-up analyses. However, because Ex-Im Bank made submission of content reports voluntary, it has not received any statistically valid data to date. Therefore, Ex-Im Bank did not collect information described as “an integral part of the ongoing process of crafting a content policy”, and was unable to comply with its Board of Directors’ requirements regarding the analysis and reporting of detailed content trend information. As a result of a review required by the Export-Import Bank Reauthorization Act of 2012, Ex-Im Bank is considering additional changes to its content policy.

To provide reasonable assurance that content requirements are met and as Ex-Im Bank considers changes to its content policy, it should (1) implement procedures to verify exporter self-certifications for a representative sample of transactions each fiscal year; (2) resolve with the Board of Directors the outstanding requirement to provide annual reports based on content reports and foreign content review procedures; and (3) establish mechanisms to obtain specific, measurable, and reliable data to analyze the impact of any content-related procedural changes approved by the Board of Directors by the end of 2013. Management concurred with the recommendations, which will be closed upon completion and verification of corrective action.

Audit of Export-Import Bank of the United States Fiscal Year 2013 Financial Statements

(OIG-AR-14-02, December 13, 2013)

www.exim.gov/oig/upload/Final-Report-FY-2013-Audit-of-Ex-Im-Bank-Financial-Statements-WEB.pdf

An independent public accountant (IPA), working under OIG supervision, conducted an audit of Ex-Im Bank's financial statements for FY 2013. The IPA issued an unqualified opinion on Ex-Im Bank's financial statements. The IPA management did not find any reportable noncompliance with laws and regulations and did not identify any deficiencies in internal control considered to be significant deficiencies or material weaknesses. However, during the audit, the IPA and Ex-Im Bank noted several deficiencies related to Ex-Im Bank's internal control over financial reporting to include one deficiency of approximately \$495 million. The deficiencies and recommendations to address them are as follows.

Incorrect maturity dates of working capital guarantee transactions. Ex-Im Bank identified that maturity dates for some of the working capital guarantee transactions authorized during FY 2012 and 2013 were inaccurate. The IPA identified 122 working capital guarantee transactions authorized during FY 2012 as inaccurate. For FY 2013 transactions, management made corrections prior to audit testing. The IPA found no exceptions for FY 2013 transactions after corrections made by management.

The incorrect working capital guarantee maturity dates resulted in exclusions of some working capital guarantees from Ex-Im Bank's 2012 portfolio. This resulted in an understatement of 2012 working capital guarantees exposure and the allowance for working capital guarantees of approximately \$495 million (0.5 percent of the FY 2012 total portfolio exposure) and \$2.9 million (0.2 percent of FY 2012 loan guarantee liability), respectively. Ex-Im Bank did not correct the 2012 financial statements as they were considered to be immaterial by Ex-Im Bank and the IPA.

The IPA recommended that Ex-Im Bank enhance the review process of the working capital guarantee information entered by staff members. Additionally, management should communicate accounting policy and procedures regarding working capital transactions to staff members by creating a desk procedure that would effectively communicate policy and procedures to new staff members. Management agreed with the recommendations.

Incorrect late interest calculation. The IPA identified that late interest on administrative invoices was incorrectly calculated due to inaccurate invoice received dates, lack of time stamp on invoices received, and inconsistencies in selecting appropriate invoice received dates in the event that a proper time stamp was missing.



Incorrect late interest calculations could result in interest expenses related to late payment being understated by approximately \$12,000 as of September 30, 2013. Ex-Im Bank implemented a plan to ensure proper time stamp and consistent invoice received dates as of September 30, 2013.

Inaccurate subsidy re-estimates journal entries. During the testing of the subsidy re-estimate journal entry, the following errors were noted by the IPA:

- Ex-Im Bank identified that the FY 2013 subsidy re-estimate journal entry was incorrectly recorded, specifically; the guarantee provision was incorrectly recorded as an insurance provision.
- We identified that the subsidies for guarantee and insurance transactions were correctly calculated. However, the subsidies for the cohort year 2012 for insurance and guarantee transactions were not included in the subsidy re-estimate journal entry and, therefore, were not recorded.

The IPA found that the subsidy re-estimate spreadsheet used to calculate the total subsidies had an incorrect formula, which was not detected upon review. Additionally, the subsidy for guarantees was incorrectly recorded as subsidy for insurance due to human error.

The result of inaccurate subsidy re-estimate journal entries was that the downward and upward subsidies were understated by approximately \$80 and \$10 million, respectively, at September 30, 2013. Ineffective review of the journal entries prior to posting could potentially cause an incorrect subsidy re-estimate journal entry and therefore an inaccurate subsidy recorded in the financial statements.

We recommend that a more comprehensive review of the subsidy re-estimate spreadsheet, as well as the journal entry, be performed to detect any material misstatements in a timely manner. Management agreed with the recommendation and Ex-Im Bank recorded correcting journal entries to correct the errors as of September 30, 2013.

Incorrect interest rate used in the calculation of the subsidy re-estimate. During the testing of the FY 2013 subsidy re-estimate, the IPA identified that incorrect interest rates for medium- and long-term guarantees were utilized in the subsidy macro-input table.

The result of using an incorrect interest rate in the calculation of the subsidy re-estimate was that the total provision was misstated by approximately \$22 million. Ex-Im Bank made corrections to the interest rate in the subsidy macro-input table and recalculated the subsidy for FY 2013. Accordingly, Ex-Im Bank recorded an adjustment to accurately reflect the provisions at September 30, 2013.

We recommended that Ex-Im Bank perform a more comprehensive review of the inputs used in the subsidy macro-input table prior to performing the calculation of the subsidy re-estimate. Management agreed with the recommendation.

Inappropriate evidence or inappropriate assignment of transactions for risk rating. During the testing of risk rating, the IPA identified inaccurate assignment of transactions within the Portfolio Monitoring and Control Group's non-core transactions and short-term single buyer insurance transactions.

The IPA found that because of the miscommunication within the monitoring division, the following items were noted:

- Five short-term single buyer insurance transactions were evaluated as private instead of non-sovereign transactions.
- Due to miscommunication, one medium-term guarantee was not assigned to an appropriate monitoring division. Therefore, the budget cost/exposure fee levels (BCL) for the borrower was not properly evaluated.

Allocating an inaccurate BCL rating to a borrower could result in a misstatement in the subsidy re-estimate. Ex-Im Bank reviewed the transactions identified by the IPA and concluded that the BCL rating was appropriate despite the incorrect allocation. We recommended Ex-Im Bank perform a review of transactions in the portfolio, as a part of the annual risk rating process, to ensure that they are assigned to appropriate monitoring divisions. Management agreed with the recommendation.

User access rights review. The IPA inspected the documentation for the January 2013 annual access rights review and noted that one user, requested to be removed from access by management, maintained access to EXIM Online as of August 1, 2013.

While Ex-Im Bank remediated the user access exception, we recommend that Ex-Im Bank continue to focus on the execution of access changes in relation to the annual access review and perform a confirmation process after the annual access review to ensure that all required changes were completed according to the access request. This control assists in the overall effectiveness of Ex-Im Bank's process for user account administration. Management agreed with the recommendation.

OIG issued a summary of the IPA's findings and recommendations and management's responses in the report *Fiscal Year 2013 Financial Statement Audit—Management Letter*; OIG-AR-14-04; March 21, 2014. See: www.exim.gov/oig/upload/OIG-AR-14-04-Financial-Statement-Audit-Mgmt-Letter.



Fiscal Year 2013 Information Security Program and Practices Audit

(OIG-AR-14-03, March 26, 2014)

www.exim.gov/oig/upload/Final-FISMA-OIG-AR-14-03_Redacted-508.pdf

The Federal Information Security Management Act of 2002 (FISMA) requires agencies to develop, document, and implement agency-wide information security programs to protect their information and information systems. FISMA also requires agencies to undergo an annual independent evaluation of their information security programs and practices, as well as an assessment of their compliance with FISMA. To fulfill its FISMA responsibilities, the OIG contracted with an IPA for an independent evaluation of Ex-Im Bank's information security program and practices and its overall compliance with FISMA requirements.

The IPA determined that overall Ex-Im Bank continues to improve and strengthen its information security program and is addressing the challenges in each of the areas that the Office of Management and Budget identified for the FY 2013 FISMA review. However, Ex-Im Bank is not compliant with all FISMA requirements. The report contains six recommendations for corrective action. Management concurred with the recommendations and we consider management's proposed actions to be responsive.

Because the report addresses issues associated with information security at Ex-Im Bank, the OIG did not make the complete audit report publicly available; however, a summary is posted on the OIG website.

Ongoing Audits

Audit of Export-Import Bank's controls over sponsored travel

Under certain circumstances, agencies and their employees may accept gifts of official travel and related expenses from non-Federal sources (referred to as sponsored travel). Specifically, 31 U.S.C. 1353 and its implementing regulation, the Federal Travel Regulation, permit executive branch agencies to accept payments of "travel, subsistence, and related expenses" from non-Federal sources for employee attendance at conferences, seminars, and speaking engagements, but not events required to carry out agencies' statutory functions. In addition to this government-wide authority, the Export-Import Bank Act of 1945, as amended, enables Ex-Im Bank to accept reimbursement for travel and subsistence expenses incurred as a result of employee attendance at meetings or similar events that are directly related to the mission of Ex-Im Bank. The authority to accept transactional travel was added to Ex-Im Bank's organic statute by Public Law 101-240 so that Ex-Im Bank could "be more aggressive in promoting its Export programs" given its "severely limited" annual restrictions on its overall administrative expenses.¹ However, Ex-Im Bank's authority to accept sponsored conference and transactional travel is not unlimited and

¹ H.R. Rep. No. 101-271, at 23 (1989)

must comply with ethics and conflict-of-interest regulations. Specifically, in approving and accepting sponsored travel, Ex-Im Bank management must prevent abuse and ensure that Ex-Im Bank's interest in employee attendance at sponsored events and meetings outweighs concern that acceptance of gifts of official travel from non-Federal sources may cause a reasonable person to question the integrity of Ex-Im Bank's programs and operations. In addition, when sponsors agree to reimburse Ex-Im Bank for certain travel expenses, Ex-Im Bank must accurately and timely bill sponsors and collect reimbursements to ensure that limited administrative funds are not unnecessarily or inefficiently expended.

In certain circumstances, Export-Import Bank staff may accept gifts of official travel and related expenses from non-Federal sources.

The overall objective of the audit is to evaluate Ex-Im Bank's approval, acceptance, and collection of payments from non-Federal sources for travel and related expenses. The OIG will also determine whether Ex-Im Bank has complied with Federal and agency regulations pertaining to sponsored travel, and follow-up on corrective actions implemented as a result of our previous audit report *Sponsored Transactional Travel* (OIG-AR-10-04, June 4, 2010).² Audit work commenced in April 2013, but was temporarily suspended in June 2013 due to staffing constraints. Fieldwork resumed in September 2013 and the OIG anticipates issuing an audit report in April 2014.

Audit of improper payments reporting

Improper payments are payments made in the wrong amount, to the wrong entity, or for the wrong reason. They can result from processing errors, a lack of information, or fraud. In accordance with the Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), Inspectors General are required to annually review their agency's compliance with improper payments legislation and evaluate agency efforts to assess, report, and reduce improper payments. We are reviewing Ex-Im Bank's improper payments assessment and reporting activities for FY 2012. We plan to issue this report on April 15, 2014.

² Office of Inspector General, Export-Import Bank of the United States; *Sponsored Transactional Travel*; OIG-AR-10-04; June 4, 2010. See: www.exim.gov/oig/loader.cfm?csModule=security/getfile&pageid=13592



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 2014, OIE continued its work on two transaction inspections: Punj Lloyd Solar Power, Ltd and the Liquefied Natural Gas Project in Papua New Guinea. In addition, OIE continued working on its evaluation of Ex-Im Bank's Economic Impact Procedures.

A brief synopsis of these assignments appears below.

Ongoing inspection assignments

OIE identified several inspection candidates for FY 2014 and is currently finalizing its review of two Ex-Im Bank structured financings. OIE expects to release the results of its inspections in FY 2014. A brief description of each financing appears below.

1 Punj Lloyd Solar Power, Ltd. (Punj Lloyd)

The Punj Lloyd solar project involves the development of a five-megawatt solar photovoltaic (PV) power plant located on a 62.5-acre site near the village of Bap, approximately 90 miles from the city of Jodhpur in the state of Rajasthan, India. The project uses PV solar modules manufactured and exported by Abound Solar, Inc., formerly of Loveland, Colorado.

Borrower Punj Lloyd is a wholly-owned subsidiary of Punj Lloyd Infrastructure, Ltd., an infrastructure development company incorporated in 2007 and wholly-owned subsidiary of Punj Lloyd Limited, an international engineering and construction firm headquartered in Gurgaon, India. The total project cost for developing the solar power plant is estimated at \$16.6 million, financed by sponsor equity of approximately \$7.5 million and debt financing of \$9.1 million.

OIE's inspection seeks to determine the level of due diligence, risk assessment, and portfolio monitoring performed by Ex-Im Bank in this transaction given the difficult nature of the industry, allegations against the exporter, the implementation of the fast track credit process, and how the identified risks were mitigated. Further, OIE will make



appropriate recommendations in the interest of supporting Ex-Im Bank's ongoing, proactive initiatives to improve efficiency and banking practices.

2 Papua New Guinea—Liquefied Natural Gas Project (PNG LNG)

PNG LNG is a vertically integrated liquefied natural gas project in Papua New Guinea, consisting of gas fields in the highlands, an on-shore and off-shore pipeline of over 400 miles, a gas liquefaction plant on the coast, marine export facilities, and in-country infrastructure. Construction started in 2010 and is scheduled for completion in 2015. The current, estimated construction cost is \$19.4 billion. Ex-Im Bank has commitments totaling \$3 billion, including \$579 million for local costs.

The project is an unincorporated joint venture among subsidiaries of Exxon Mobil Corporation, Oil Search Limited (a Papua New Guinea independent oil company), Santos Limited (an Australia company), Japan Papua New Guinea Petroleum Company (a subsidiary of Nippon Oil and other Japanese Oil companies) and certain companies wholly owned by the independent state of Papua New Guinea. OIE's inspection seeks to determine the level of due diligence, policy compliance, risk assessment, risk mitigation, and portfolio monitoring performed by Ex-Im Bank, given the transaction's size, complexity, and 17.5-year term, which is on a non-recourse basis once the project is in commercial operation. OIE will make appropriate recommendations in support of Ex-Im Bank's ongoing, proactive initiatives to improve efficiency, integrity, and banking practices.

Communicating the effect of percentage-based targets on Ex-Im Bank's resources and ability to achieve its goals to external stakeholders is consistent with federal internal control standards.

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 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.³ 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. OIE expects to publish the results of its evaluation during the next semi-annual period.

³ Office of the Inspector General, Export-Import Bank of the United States; *Evaluation Report Relating to Economic Impact Procedures*; OIG-EV-10-03; September 17, 2010. See: www.exim.gov/oig/loader.cfm?csModule=security/getfile&pageid=13549

U. S. Government Accountability Office; *Export-Import Bank: Improvements Needed in Assessment of Economic Impact*; GAO-07-1071; September 2007. See: www.gao.gov/products/GAO-07-1071.

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. 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.

Other activities

The OIE participates with Council of Inspectors General on Integrity and Efficiency's Inspection and Evaluation Committee, which leads the development of protocols for reviewing management issues that cut across departments and agencies, promotes the use of advanced program-evaluation techniques, and fosters awareness of evaluation and inspection practices in OIGs. Additionally, during this period, OIE participated in several discussions with representatives from other export credit agencies and multilateral institutions to discuss risk management and integrity due diligence best practices.

Finally, we are pleased to announce the hire of Mr. Daniel Wong as Inspector. Mr. Wong joined Ex-Im Bank OIG with over five years of experience with several financial institutions.



Office of Investigations

Summary of accomplishments

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. Special Agents in OI are Federal Criminal Investigators (job series 1811). Investigations that uncover violations of Federal law, rules, or regulations may result in criminal, civil prosecution, or administrative sanctions.

During this reporting period, OI achieved several milestones and accomplishments towards meeting mission objectives of investigating and preventing trade finance and export credit insurance fraud impacting Ex-Im Bank. These actions include:

- Obtained three criminal judgments resulting in 135 months' imprisonment, 108 months' probation, and approximately \$42 million in criminal restitution, forfeiture, and special assessments;
- Obtained three administrative employee actions stemming from referrals of active investigative information to the Ex-Im Bank Office of General Counsel (OGC) resulting in Ex-Im Bank management recommending the dismissal of two employees and a letter of reprimand for one employee;
- Obtained one plea agreement entered in court by a subject pursuant to ongoing investigative matters;
- Provided 38 reports of investigative information to the Ex-Im Bank OGC concerning potential funds at risk to support enhanced due diligence efforts in approving, processing, and monitoring export credit loan guarantees and insurance policies;
- Referred 11 investigative matters to the Department of Justice for prosecutive decision, and;
- Successfully closed 13 investigations after concluding all remaining actions and prosecutive results in those cases, and additionally closed further investigative review of approximately \$47.5 million in suspected claims, which had been under investigation.



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	Claims*	Claim Amounts
Open as of September 30, 2013	37	361	\$245,929,189
Opened during period	12	10	\$35,455,262
Closed during period	(13)	(18)	\$47,554,597
Open as of March 31, 2014	36	353	\$233,829,854

**The number and amount of claims paid subject to investigation. Not all investigations involve claims paid by Ex-Im Bank. Not all claims opened or closed in the period are related to cases opened or closed in the period, but may be related to other active investigations. The referral of a claim to the OIG for investigation does not establish the existence of fraud and not all claims included in a case under investigation are necessarily fraudulent until proven so by evidence developed in the investigation. The number of claims may vary during the course of an investigation as facts and findings develop.*

Summary of Investigative Results

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

Description	OIG	Joint activities*	Total
Matters Referred to the Department of Justice	6	5	11
Pleas Entered	1	0	1
Criminal Judgments	2	1	3
Prison Time (months)	99	36	135
Probation (months)	72	36	108
Court Ordered Fines, Restitution, and Forfeiture	\$26,523,084	\$15,654,410	\$42,177,494
Administrative Employee Actions**	1	2	3

** Joint investigations with other law enforcement agencies.*

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

Investigations

Export-Import Bank employee integrity

The Office of Investigations 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 this area during the period include:

OI conducted two separate investigations involving employee misconduct. OI shared investigative results with Ex-Im Bank OGC, which resulted in Ex-Im Bank's management recommending the dismissal of two employees in one of the investigations and a letter of reprimand for one employee in another investigation. The investigation involving the proposed employee terminations are still active and ongoing, while the investigation involving the employee letter of reprimand was closed during the reporting period.

Export Credit Insurance & Loan Guarantee Programs

One of Ex-Im Bank's key programs—the export credit insurance program—has been particularly susceptible to fraud schemes by foreign borrowers, U.S. based exporters, and other transaction participants. This program accounts for several investigations currently underway. While there are several different programs in Ex-Im Bank, criminal activity exploits certain processes within the programs in order to induce Ex-Im Bank to approve insurance or guaranteed coverage.

Export Credit Insurance Program

This program offers protection in the form of several different insurance policy types to U.S. exporters and their lenders against non-payment by foreign buyers due to commercial and political risks. Export credit insurance allows exporters to increase export sales by limiting international repayment risk, offering credit to international buyers, and enabling exporters to access working capital funds. One fraudulent scheme to exploit this program involves the falsification of shipping records to convince Ex-Im Bank that the described goods have been shipped when in fact they have not.

Successful investigative efforts within the export credit insurance program during the reporting period include the reports noted below.

Miami business owner extradited from Argentina and sentenced

On October 3, 2013, Jose L. Quijano formerly of Miami, Florida, was extradited from Argentina to the United States. Quijano fled to Argentina on June 7, 2011, prior to sentencing.



OIG agents shared intelligence with INTERPOL and Department of State, Diplomatic Security Service agents and they coordinated with Argentine Police, who arrested Quijano in Buenos Aires, Argentina, on December 20, 2011.

Quijano was sentenced in absentia on June 27, 2011, by U.S. District Judge Adalberto J. Jordan in the Southern District of Florida to 46 months in prison, followed by 36 months of supervised release, and was ordered to pay \$956,251 in restitution. Quijano pleaded guilty on February 9, 2011, to conspiracy to commit wire fraud in connection with a scheme to defraud Ex-Im Bank of approximately \$956,251.

According to court documents, Quijano was the owner of Gangaland, USA LLC, an electronics exporting company located in Miami that purported to be in the business of purchasing and exporting electronic and computer parts to foreign buyers in South America. Quijano admitted that he and others conspired to defraud the Ex-Im Bank by devising a scheme to obtain money and property by false and fraudulent pretenses. According to court records, Quijano and others obtained loans guaranteed by the Ex-Im Bank and misappropriated the loan proceeds for their own use and benefit. From 2008 through 2010, Quijano, through Gangaland, acted as an exporter in 96 loan transactions insured by the Ex-Im Bank and received approximately \$3,637,806 in proceeds. Quijano admitted that he and others falsified financial statements, waybills, purchase orders, and bills of lading to falsely represent to various lending banks, including Ex-Im Bank, that purchases and the exporting of U.S. goods were for buyers in South America. According to court records, all of the loans involving Gangaland were fraudulent and no U.S. goods of any kind were shipped to South American buyers. As a result of the fraud, the Gangaland loans went into default, causing the Ex-Im Bank to pay claims losses to the lending banks in the amount of \$902,450.

This case was prosecuted by the Department of Justice, Criminal Division, Fraud Section with the assistance of the United States Attorney's Office for the Southern District of Florida. The case was investigated by Ex-Im Bank OIG. Significant assistance was provided to this fugitive investigation by the Department of Justice, Office of International Affairs; the Department of State, Diplomatic Security Service; INTERPOL; and the United States Marshals Service.

Boat manufacturer sentenced

On January 23, 2014, Emilio A. Michel of Winter Haven, Florida, was sentenced to one year and one day incarceration by U.S. District Judge Ursula Ungaro in the Southern District of Florida. In addition, Michel was ordered to pay \$355,652 in restitution, \$680,449 in criminal forfeiture, and serve 36 months of supervised release. Michel had previously pleaded guilty on November 8, 2013 to criminal charges of two counts of conspiracy to commit wire fraud and wire fraud.

In this reporting period, OIG investigative efforts in the export credit insurance program achieved the following results:

- One extradition
- 135 months in prison
- 108 months of supervised release
- \$42,177,494 in criminal fines, forfeiture, and restitution

According to court records, Michel, a naturalized U.S. citizen born in Cuba, owned a small boat manufacturing business in Winter Haven known as Sea Star Boat Corporation (Sea Star) that ostensibly sold and exported small boats to buyers in foreign countries. In January 2009, Ex-Im Bank approved an insurance policy for Michel and Sea Star to cover the risk of non-payment by foreign buyers of U.S.-manufactured boats. Under an “Enhanced Assignment of Policy Proceeds”, Michel and Sea Star then assigned the proceeds of the insurance policies to a lending bank in Miami to obtain financing for the purchase and export of these goods. Under an enhanced assignment of the insurance proceeds, Ex-Im Bank agrees to pay claims to the assignee. Therefore, the insurance policies covered the lender in the event of a default related to the loan payments by Michel and Sea Star.

According to court records, Michel entered into a conspiracy with others to defraud Ex-Im Bank and unlawfully enrich themselves by submitting false and fraudulent information to Ex-Im Bank through the lender to obtain money from the loan and misappropriate the loan proceeds for their own use and benefit. According to court records, Michel admitted that he and others prepared and caused to be prepared false loan applications, false financial statements, false shipping documents, and false invoices representing that Michel, through Sea Star, had sold and shipped approximately \$680,449 worth of goods manufactured in the U.S. to foreign buyers. In fact, according to court records, Michel had not sold or shipped any of the goods. Michel defaulted on his loan causing Ex-Im Bank to pay a claim to the lender on March 17, 2011 in the amount of \$355,652.

The Department of Justice Criminal Division Fraud Section and the U.S. Attorney’s Office, Southern District of Florida prosecuted the case. The case was investigated by Ex-Im Bank OIG.

Loan Guarantee Program

Ex-Im Bank assists exporters by guaranteeing term financing from a commercial lender to creditworthy international buyers, both private and public sector, for purchases of U.S. goods and services. Ex-Im Bank’s guarantee of a lender’s loan to an international buyer is used to finance purchases of U.S. goods and services. Criminals have exploited this program by 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 loan guarantee program during the reporting period include the following:

Mexican citizen sentenced

On October 17, 2013, Manuel Ernesto Ortiz-Barraza of Mexico was sentenced to serve



36 months in prison by U.S. District Judge Kathleen Cardone in the Western District of Texas, El Paso Division. In addition, Ortiz was ordered to pay \$7,172,865 in restitution and \$8,481,245 in criminal forfeiture and serve 36 months supervised release. Judge Cardone sentenced Ortiz for his role in a scheme to defraud Ex-Im Bank of nearly \$7.2 million.

Ortiz-Barraza was charged in an indictment unsealed on October 19, 2011, in the Western District of Texas with one count of conspiracy to commit wire and bank fraud, three counts of wire fraud, and one count of bank fraud for his alleged role in a scheme with several others to defraud Ex-Im Bank.

Based on a provisional arrest warrant, Mexican authorities arrested Ortiz-Barraza in Mexico on February 13, 2012, and he was extradited to the United States on January 25, 2013. Ortiz-Barraza pleaded guilty on June 20, 2013, to wire fraud conspiracy and bank fraud.

According to the U.S. indictment and court documents, Ortiz-Barraza and his co-conspirators allegedly conspired to obtain Ex-Im Bank guaranteed loans through banks by creating false loan applications, false financial statements, and other documents purportedly for the purchase and export of U.S. goods into Mexico. Ortiz-Barraza and his co-conspirators allegedly falsified shipping records to support their claims of doing legitimate business and did not ship the goods that were guaranteed by Ex-Im Bank. After the loan proceeds were received, Ortiz-Barraza and his co-conspirators allegedly split the loan proceeds among themselves. As a result of the alleged fraud, the conspirators' loans defaulted, causing Ex-Im Bank to pay claims to lending banks on a loss of over \$2.5 million.

The Department of Justice, Criminal Division, Fraud Section and the U.S. Attorney's Office, Western District of Texas, El Paso Division prosecuted the case. Homeland Security Investigations in El Paso, Texas; Internal Revenue Service-Criminal Investigation in Washington, D.C., the U.S. Postal Inspection Service in Washington, D.C., and Ex-Im Bank OIG investigated the case. Significant assistance was provided to this fugitive investigation by the Department of Justice, Office of International Affairs; INTERPOL; the United States Marshals Service, and the government of Mexico.

El Paso business owner sentenced

On January 28, 2014, Leopoldo Parra of El Paso, Texas, as sentenced to serve 87 months in prison by U.S. District Judge Kathleen Cardone in the Western District of Texas, El Paso Division. In addition, Parra was ordered to pay \$11,846,923 in restitution, \$13,638,060 in forfeiture, and a \$1,500 fine and serve 36 months of supervised release.

Parra, a naturalized United States citizen, pleaded guilty on August 25, 2012, to one count of conspiracy to commit wire fraud, two counts of wire fraud, and one count of conspiracy

to commit money laundering in connection with a scheme to defraud Ex-Im Bank of approximately \$13.6 million.

According to court documents, Parra was the owner of Poma Tools and Industrial Supplies, an equipment dealer and exporter located in El Paso, Texas. The court documents state that Parra and others defrauded Ex-Im Bank by engaging in 18 fraudulent and fictitious loans purportedly involving Mexican buyers. Parra and his co-conspirators submitted false documents to the lending bank in Baltimore, Maryland stating that U.S. goods had been purchased by and shipped to various buyers in Mexico. Through the submission of these false documents to the lending bank, Parra and his co-conspirators defrauded both the lending bank and Ex-Im Bank by receiving loan proceeds from the lending bank and using them for personal gain. Parra retained for his own personal use and benefit, approximately \$809,007. The loans in question were issued by the lending bank and then insured and guaranteed with medium-term insurance policies from Ex-Im Bank.

The U.S. Department of Justice, Criminal Division, Fraud Section and the U.S. Attorney's Office, Western District of Texas, El Paso Division prosecuted the case. The case was investigated by Ex-Im Bank OIG; Homeland Security Investigations in El Paso, Texas; Internal Revenue Service-Criminal Investigation in Washington, D.C.; and the U.S. Postal Inspection Service in Washington, D.C. The Financial Crimes Enforcement Network provided substantial assistance in this investigation.

Other Investigative Results

Special agents work collaboratively with Ex-Im Bank to help protect funds at risk

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

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

OI made 38 referrals of investigative information to Ex-Im Bank Office of General Counsel 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 currently at risk because they are related to transactions in which fraud is uncovered.

Investigative capabilities are strengthened by memorandums of understanding and other law enforcement partnerships

During this reporting period, OI further strengthened its availability and use of resources and investigative support by joining the Export Enforcement Coordination Center (E2C2) as part of the Export Control Reform Initiative. E2C2, which was created in November 2010 pursuant to Executive Order 13558, coordinates and enhances criminal, administrative, and related export enforcement activities. E2C2 is a multi-agency center with representation from eight U.S. governmental departments and 16 federal agencies, including the Export-Import Bank OIG.

E2C2 serves as a conduit between federal law enforcement agencies and the intelligence community, and it is the primary point of contact between enforcement authorities and agencies engaged in export licensing, public outreach, and government-wide statistical tracking. Through these efforts, E2C2 promotes a more robust whole-of-government approach to enforcement that ensures inter-agency coordination, promotes multi-agency collaboration, minimizes the duplication of efforts and strengthens the link between law enforcement, the intelligence community, and export licensing entities.

On a daily basis, OI shares intelligence with E2C2 member agencies to enhance cooperative law enforcement endeavors.

Outreach—OIG continues efforts to educate the export and banking communities on identifying and reporting fraud, waste, and abuse

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

On October 10, 2013, OI representatives met with Atradius Insurance staff in Baltimore, Maryland. OI discussed common fraud scenarios and money laundering patterns often seen in trade finance fraud investigations, and provided information regarding the role and responsibility of the OIG in combating fraud, waste, and abuse.

On October 18, 2013, an OI representative spoke at the International Factoring Association's Advance Factoring seminar in Las Vegas, Nevada. OI gave a presentation focused on preventing, detecting, and investigating trade finance fraud schemes and common money laundering scenarios encountered during parallel Ex-Im fraud investigations.

On December 4, 2013, OI representatives spoke at the Florida International Bankers Association's Trade Based Money Laundering seminar in Miami, Florida. OI gave a presentation focused on preventing, detecting, and investigating trade finance fraud and money laundering schemes as they relate to trade based money laundering.

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 nine hotline reports during the reporting period. Eight were referred for investigation and one was resolved and closed by the hotline.

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

- phone at 1-888-OIG-EXIM (1-888-644-3946);
- email to IGhotline@exim.gov, or;
- mail or delivery service to Ex-Im Bank OIG Hotline, Office of Inspector General, 811 Vermont Avenue, NW, Room 138, 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.



Appendix A: Recommendations from prior reporting periods

This table shows that 62 of 94 total recommendations from 13 reports remain open at the end of this reporting period. Twenty-seven open recommendations are from reports issued in 2013, 16 are from 2012. The remaining 19 open recommendations are from reports issued in 2010 and 2011.

Report Date	Report Title	Total	Recommendations			Latest target closure date
			Open	Closed	Unresolved	
Last Period						
Audits						
OIG-AR-13-04 22 Mar 2013	FY 2012 Information Security Program and Practices Audit	3	3	0	0	11/15/13
OIG-AR-13-03 14 Mar 2013	Export-Import Bank's Improper Payments Reporting for FY 2011	5	4	1	0	11/30/13
OIG-AR-13-02 23 Jan 2013	FY 2012 Financial Statement Management Letter	8	8	0	0	11/15/13
Prior Periods						
Audits						
OIG-AR-13-04 22 Mar 2013	FY 2012 Information Security Program and Practices Audit	3	1	2	0	None Provided
OIG-AR-13-03 14 Mar 2013	Export-Import Bank's Improper Payments Reporting for FY 2011	5	4	1	0	4/15/14
OIG-AR-13-02 23 Jan 2013	FY 2012 Financial Statement Management Letter	8	0	8	0	1/7/14
OIG-AR-12-05 28 Sep 2012	Audit of Export-Import Bank's Short-Term Insurance Program	10	0	6	4	None Provided
OIG-AR-12-04 24 Jan 2012	Audit of Information Technology Support for Export-Import Bank's Mission	11	7	4	0	None Provided
Inspections and Evaluations						
OIG-INS-13-01 30 Sep 2013	Inspection Report on Minera y Metalurgica del Boleo S.A.	7	7	0	0	None Provided
OIG-INS-12-02 27 Sep 2012	Report on Portfolio Risk and Loss Reserve Allocation Policies	7	5	0	2	4/30/14
OIG-INS-12-01 27 Mar 2012	Report on Performance Metrics for Operational Efficiency and Customer Service, Phase 1	8	4	4	0	4/30/14
OIG-EV-10-03 17 Sep 2010	Evaluation Reporting Relating to Economic Impact Procedures	16	16	0	0	None Provided
Other Reports						
OIG-SR-11-01 7 Jun 2011	Review of the Export-Import Bank Nigeria Banking Facility	3	3	0	3	None Provided
TOTALS		94	62	26	9	



Appendix B: Peer review reporting

This appendix complies with Section 5(a)(14)-(16) of the IG Act of 1978, as amended.

Of the audit function

Under government standards, OIG audit functions must have an external peer review at least every three years. The next peer review of OIG audit functions will be in 2014.

Of the investigation function

As of June 10, 2011, Ex-Im Bank OIG derives its law enforcement authority from Section 6(e) of the IG Act of 1978, as amended. As such, the OIG is required to undergo an external peer review process of our investigative function every three years. The OI peer review is scheduled for May 19–23, 2014.

Of other OIGs

Ex-Im Bank OIG Office of Audit conducted a peer review of the Commodity Futures Trading Commission (CFTC). We began a peer review of the audit function of the CFTC in November 2013. This peer review should be concluded during the next semiannual period.

No peer reviews of investigation divisions of other OIGs are scheduled at this time.



Appendix C: Inspector General Act reporting requirements

Inspector General Act citation	Requirement definition	Page
Section 4(a)(2)	Review of Legislation and Regulations	9
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations for Corrective Actions	15-19, 26
Section 5(a)(3)	Prior Significant Audit Recommendations Yet to Be Implemented	41
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	31
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	None
Section 5(a)(7)	Summary of Particularly Significant Reports	14-19 24-26
Section 5(a)(8)	Total Number of Reports and Total Dollar Value for Audits with Questioned Costs	None
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	41
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	43

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-EXIM
(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@exim.gov



OFFICE OF INSPECTOR GENERAL
Export-Import Bank of the United States
811 Vermont Avenue, NW
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