



*Office of Inspector General*

# **Office of Inspector General**

## *FY 2022 Congressional Budget Justification*

**Export-Import Bank of the United States**  
**Office of Inspector General**  
**Fiscal Year (FY) 2022**  
**Congressional Budget Justification**

**Introduction**

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

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

The OIG's Office of Audits and Evaluations (OAE) and the Office of Investigations (OI), supported by the Immediate Office of the Inspector General (IO), conduct the work to accomplish the OIG's mission. Through its annual work plan, OAE conducts a variety of independent statutorily mandated and discretionary reviews to assess the vulnerability of the Agency's programs and operations to adverse impacts such as waste, fraud, abuse, and gross mismanagement. These reviews have resulted in recommendations to establish appropriate internal controls and policies and procedures that document the governance and accountability practices in place at EXIM. OI conducts investigations of allegations of wrongdoing that frequently result in convictions of subjects, such as exporters, buyers, brokers, manufacturers, lenders, shippers, and buyers. These cases have resulted in an estimated 212 years of prison time and approximately \$358 million in forfeitures, restitutions, repayments, and judgments.

The audits, investigations, and other administrative and enforcement actions undertaken by the OIG have facilitated the federal government's recoupment of millions of dollars, have ensured that taxpayer funds have been spent more efficiently, and have aided in

preventing the future misappropriation of funds. As explained below, for every dollar spent on its budget since its inception, the OIG has returned more than \$6 from its investigations alone. Additionally, including cost savings from transactions canceled based on OIG referrals of \$47 million and the reduction in medium-term claims of at least \$80 million annually from FY 2012 through FY 2015, the OIG has returned more than 14 times its budget overall. The OIG continues to achieve these successes in the face of significant challenges, such as managing the effects of the prior lapse in authority while implementing new requirements set forth in the EXIM's recent reauthorization, as well as flexibly adapting to the uncertainty and atypical complications caused by the COVID-19 public health and economic crises.

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

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

Since last year, the Board composition has changed. Although the term for Board Member Spencer Bachus III does not expire until January 20, 2023, the terms for former Chairman Kimberly Reed and Board Member Judith Pryor expired as of January 20, 2021. Consistent with 12 U.S.C. § 635a, the new Administration authorized Senior Vice President of Policy Analysis and International Affairs James Cruse to serve in an acting capacity as EXIM First Vice President and Vice Chairman of the Board of Directors and extended Board Member Pryor's term by six months. Consequently, EXIM is operating with a quorum of Board members that can approve transactions above the current threshold of \$25 million, formulate policies, and delegate its authority. OIG anticipates its oversight activities will continue to expand as transaction approvals increase and EXIM addresses the various

---

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

operational and structural changes resulting from the reauthorization.<sup>2</sup> For example, to address potential concerns related to reauthorization, OIG intends to conduct an independent evaluation of EXIM’s implementation of key revisions of the 2019 Reauthorization Act and other priorities in FY 2021.<sup>3</sup> This review will provide an initial assessment of EXIM’s actions to implement key provisions of the 2019 Reauthorization Act and improve accountability and transparency through reforms and other priorities, likely implicating additional reviews in FY 2022. Similarly, OIG anticipates a significant increase in audit and investigative work associated with operational and financing changes spurred by the COVID-19 public health and economic crises. In addition, OIG will continue its ongoing efforts of auditing cybersecurity vulnerabilities in EXIM’s networks and systems in FY 2022, as the loss or disruption of EXIM’s computer systems and data would have a profound impact on the agency’s operations, assets, and/or individuals.

**Summary of the Budget Request:**

	FY 2020 Enacted	FY 2021 Enacted	FY 2022 OIG Request
Budget Authority	\$5,700,000	\$6,500,000	\$6,500,000
FTE	25	26	26

For FY 2022, EXIM OIG requests an aggregate budget of \$6,500,000, equal to the FY 2021 enacted level, to carry out mission-critical operations. This amount is necessary for the OIG to carry out the audits, inspections, evaluations, and related work required by the IG Act and EXIM’s latest reauthorization,<sup>4</sup> as well as criminal investigations necessary to prevent, detect, and prosecute fraud against EXIM and the United States (U.S.). Having reviewed anticipated workload and current resource levels, OIG anticipates that \$6,500,000 is necessary to support OIG’s mission critical work in FY 2022.

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

---

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

<sup>3</sup> *Supra* note 1.

<sup>4</sup> *Ibid.*

*EXIM OIG has generated a significant return on taxpayer investment*

Since it became operational in FY 2009, EXIM OIG has generated significant cost savings to taxpayers, EXIM, and the federal government. Its criminal investigations have produced approximately \$358 million in criminal and civil court-ordered forfeiture and restitution, fines, assessments, and recoveries, on average returning over 6 times the OIG budget. This return on investment (ROI) metric does not include millions of dollars saved in cancelled transactions resulting from investigative findings referred to EXIM. Please see the attached table for further detail.

Although difficult to specifically quantify, the OIG's audits, inspections, and evaluations have also contributed to significant cost savings to taxpayers. Since FY 2015, OAE has made 304 recommendations to improve the operations and programs of EXIM, including \$6 million in questioned costs and funds put to better use. The OIG's recommendations implemented by EXIM have strengthened internal controls and processes to assist in the prevention of fraud and improper payments, minimized risk and significantly strengthened due diligence and oversight procedures.

*FY 2022 baseline budget request of \$6,500,000 supports mission critical and operational expenditures*

EXIM OIG's FY 2022 baseline request supports mission critical and operational expenditures, comprised by approximately: 73 percent allocated to personnel and benefits costs for staff performing investigations, audits, evaluations and inspections; and 27 percent allocated to training for staff to maintain professional standards; information technology to support office operations and investigations; travel to support international inspections and investigations; and other administrative and infrastructure support. The request supports approximately 26 OIG full-time career employees, including the vacant PAS Inspector General and Deputy Inspector General positions.

This funding would enable the OIG to continue to promptly and proficiently perform statutorily mandated activities required by the IG Act and other statutes. Pursuant to current law, EXIM OIG is required to supervise and report on the audit of EXIM's annual financial statements, as well as audit compliance with the Federal Information Security Modernization Act (FISMA). The OIG is also required to report on EXIM's compliance with the Payment Integrity Information Act of 2019 (PIIA); conduct a risk assessment of EXIM's purchase card programs; and comply with requisite standards, including the Generally Accepted Government Auditing Standards (GAGAS), the Quality Standards for Inspection and Evaluation, and the Attorney General's Guidelines for Investigations.

In addition to these existing mandates, the FY 2022 request will also support continuation of the OIG's additional discretionary oversight and investigative activities relating to EXIM's recent reauthorization and COVID-19-related programs. For example, EXIM announced

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

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

For comparative purposes, the total FY 2022 funding request of \$6,500,000 represents 0.014 percent of EXIM's \$46.87 billion total export finance portfolio at year-end FY 2020. With the proposed authorized FTEs, the ratio of OIG staff to EXIM portfolio is one OIG FTE to oversee every \$1.8 billion. This dollar amount is likely to substantially increase as the Agency continues to authorize billions of dollars in pending and prospective deals expected in the remainder of FY 2021 and future years.

#### *OIG Oversight Responsibilities Continue to Expand*

Mandatory audit and evaluation-related oversight continues. For example, the biennial Digital Accountability and Transparency Act of 2014 (DATA Act) audit and the triennial Portfolio Risk Management (PRM) and Chief Risk Officer (CRO) evaluations, which took effect in FY 2017, add to the scope of the OIG's mandated audit work. OIG initiated the audit to meet the third reporting requirement of the DATA Act on March 31, 2021. As such OIG plans to conduct a follow-up audit in FY 2022 to ensure that any findings and recommendations have been addressed accordingly by EXIM. The PRM and CRO evaluation, along with reviews of EXIM's personnel security and suitability program and privacy program, will be completed in FY 2022. EXIM's recent reauthorization also increased OIG's oversight in many areas. For example, operational changes arising from the recent reauthorization (such as the China and Transformational Exports program) may necessitate discretionary reviews by the OIG in the future. Additionally, the OIG anticipates a significant increase in audit and investigative work associated with operational and financing changes spurred by the COVID-19 public health and economic crises. For example, EXIM announced temporary COVID-19 pandemic relief measures in March 2020 that were extended in April, May, August, and October of 2020, and again in April 2021, and remain in effect at least

until April 30, 2022. These measures include waivers, deadline extensions, streamlined processing, and flexibility regarding documentation requirements and claims analysis in EXIM’s Working Capital Guarantee Program, Multi-Buyer and Single-Buyer Short-Term Exporter Insurance, and Medium-Term Single-Buyer Exporter and Financial Institution Insurance.

*Inspector General Act Information*

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

- EXIM OIG requests a FY 2022 budget of \$6,500,000 million, supporting 26 full-time equivalent employees (FTE) and \$65,000 for training costs.
- This request also includes \$23,400 as OIG’s estimated allocation to support the operations of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

**Detailed Budget Request by Program Area:**

***Personnel Compensation***

Approximately 73 percent of the OIG baseline budget request is for compensation and benefits to employ professional auditors, inspectors, analysts, criminal investigators, attorneys, and administrative staff. The total personnel budget request provides for \$4,713,405 in salaries and benefits, allocated between groups: Audits and Evaluations, Investigations, and Immediate Office of the Inspector General.

*Office of Audits and Evaluations*

<b>Audits and Evaluations</b>		
FY 2022 baseline:	\$ 1,484,676	10 FTE
Baseline adjustment:	\$54,019	-
Total request:	\$ 1,538,695	10 FTE

The FY 2022 baseline budget for the audit, inspection, and evaluation function represents personnel costs for 10 total FTE: ten auditors in the 0511 series. The auditors in the 0511 series, include an Assistant IG for Audits and Evaluations at the Senior Level, a GS-15 supervisory audit manager, a GS-14 supervisory senior auditor, and seven auditors at the GS-7/13 levels. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 2.7 percent salary increase per OMB guidance.

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

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

The OIG will continue to oversee an independent public accounting (IPA) firm to conduct the annual audit of EXIM's financial statements. This budget request does not include the budgeted cost of the financial statement audit, which is passed on to EXIM; the OIG is responsible for certain cost overruns and for supplemental work performed by the IPA. The OIG also contracts with IPAs in support of other OIG projects.

Office of Investigations

Investigations		
FY 2022 baseline:	\$ 1,925,796	9 FTE
Baseline adjustment:	\$ 45,010	-
Total request:	\$ 1,970,806	9 FTE

The FY 2022 baseline budget for the investigations function represents personnel costs for nine total FTEs, including six special agents in the 1811 series, two analysts, and a senior inspector. The special agents in the 1811 series include an Assistant IG for Investigations at the Senior Level, a GS-15 manager, and four agents at the GS-13/14 levels. There are two analyst positions, a lead at the GS-14 level and one at the GS-13 level, and a senior inspector at the GS-14 level. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 2.7 percent salary increase per OMB guidance.

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

investigations function, who serve as a critical force multiplier at a lower cost structure than the 1811 criminal investigative series.

*Immediate Office of the Inspector General*

<b>Immediate Office and Management</b>		
FY 2022 baseline:	\$ 1,169,351	7 FTE
Baseline adjustment:	\$ 34,553	-
Total request:	\$ 1,203,904	7 FTE

The FY 2022 baseline budget for the immediate office and management represents personnel costs for seven FTEs, including the PAS Inspector General, a Deputy Inspector General/Counsel at the Senior Level, an attorney-advisor, and four administrative personnel who support all the teams in the OIG. The baseline adjustment accounts for routine increases in grades and steps for current personnel and annualized 2.7 percent salary increase per OMB guidance.

**Administrative Expenses**

<b>Administrative Expenses</b>	
FY 2022 baseline:	\$941,370
Program increase:	\$845,225
Total request:	\$1,786,595

The administrative expenses portion of the baseline budget request covers contracted audit, inspection, evaluation, and investigative work; travel; training; information technology; equipment and supplies; communications; and transfer to support the operations of CIGIE. This includes the increase in awards spending for high performing employees as outlined in OMB guidance. The OIG envisions an increase of \$845,225 in administrative expenses for FY 2022 due primarily to audit/evaluation contracts, mission-related travel and training, and other necessary costs to support our professional workforce and enhance operations.

<b>Export-Import Bank of the United States</b> <b>Office of Inspector General</b> <b>Fiscal Year 2020 – 2022</b> <b>Financial Summary</b>			
	<b>FY 2020 Request</b>	<b>FY 2021 Request</b>	<b>FY 2022 Request</b>
<b>Appropriation</b>	\$5,700,000	\$6,500,000	
<b>Budget Request</b>	\$5,000,000	\$5,200,000	\$6,500,000
<b>Carryover Used</b>	\$855,000	\$855,000	\$0
<b>Personnel Compensation</b>	\$4,316,106	\$4,258,630	\$4,713,405
Administrative	\$563,894	\$731,370	\$1,537,473
Information Technology	\$20,000	\$130,000	\$134,122
Travel	\$60,000	\$40,000	\$ 50,000
Training	\$40,000	\$40,000	\$65,000
Communications	\$0	\$0	\$0
<b><i>Subtotal, Administrative</i></b>	\$683,894	\$941,370	\$1,786,595
<b>Total</b>	<b>\$5,000,000</b>	<b>\$5,200,000</b>	<b>\$6,500,000</b>

Export-Import Bank of the United States Office of Inspector General Budget and Recoveries													
Budget	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	As of 05/28/2021	Total
	\$2,500,000	\$2,500,000	\$4,000,000	\$3,875,000	\$5,100,000	\$5,750,000	\$6,000,000	\$5,700,000	\$5,700,000	\$5,700,000	\$5,700,000	\$6,500,000	\$59,025,000
<b>Criminal</b>													
Restitution	\$2,538,650	\$44,833,107	\$18,961,970	\$24,943,058	\$19,375,440	\$13,608,036	\$13,669,380	\$20,262,740	\$4,726,581	\$3,352,795	\$3,387,523	\$1,710,971	\$171,370,251
Forfeiture	\$1,134,273	\$49,218,889	\$8,075,802	\$31,260,924	\$22,799,754	\$6,752,900	\$41,924,418	\$6,118	\$0	\$3,015,480	\$0	\$0	\$164,188,558
Fines	\$0	\$0	\$0	\$545,500	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$547,000
Special Assessment	\$300	\$1,500	\$1,900	\$2,700	\$900	\$1,600	\$1,300	\$0	\$600	\$300	\$200	\$803	\$12,103
<b>Civil</b>													
Fines	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0	\$100,000	\$5,100,000
Recoveries	\$0	\$0	\$0	\$0	\$3,500,000	\$3,800,000	\$0	\$0	\$0	\$0	\$0	\$0	\$7,300,000
Forfeiture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Administrative</b>													
Direct Repayment	\$0	\$2,649,282	\$5,932,985	\$810,000	\$0	\$151,902	\$0	\$0	\$0	\$0	\$0	\$68,029	\$9,612,198
<b>Total Recoveries</b>	\$3,673,223	\$96,702,778	\$32,972,657	\$5,756,2182	\$45,677,594	\$24,314,438	\$60,595,098	\$20,268,858	\$4,727,181	\$6,368,575	\$3,387,723	\$1,879,803	\$358,130,110
<b>Return on Investment</b>	<b>1.47</b>	<b>38.68</b>	<b>8.24</b>	<b>14.85</b>	<b>8.96</b>	<b>4.23</b>	<b>10.10</b>	<b>3.56</b>	<b>0.83</b>	<b>1.12</b>	<b>0.59</b>	<b>0.29</b>	<b>6.07</b>

Export-Import Bank of the United States Office of Inspector General Audits, Inspections, Evaluations, and Other Reviews								
Results	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	As of 05/28/2021	Total
Reports and Memorandums Issued	10	11	12	8	9	7	5	62
Questioned Costs or Funds Put to Better Use	\$118,000	\$802,501	\$5,100,000	\$0	\$0	\$0	\$0	\$6,020,501
Recommendations	42	71	56	39	44	38	14	304