



Office of Inspector General

To: C.J. Hall
Acting President and Chairman

From: Michael McCarthy
Acting Inspector General


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DN: c=US, o=U.S. Government,
ou=Export-Import Bank, cn=MICHAEL
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Date: 2017.09.13 11:50:43 -0400

Subject: External Peer Review of the Office of Audits

Date: September 13, 2017

I am pleased to provide you with a copy of the recently completed external peer review report on the audit organization of the Export-Import Bank (EXIM Bank) Office of Inspector General (OIG).

The National Archives and Records Administration (NARA) OIG conducted the peer review in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency guidelines. The NARA OIG found that the system of quality control for the Office of Audits has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Therefore, the NARA OIG issued a rating of “PASS” on the Office of Audit’s system of quality control.

If you have any questions, please do not hesitate to contact me.

Attachment



Michael McCarthy
Acting Inspector General
Export-Import Bank of the United States
811 Vermont Ave. NW, Washington, DC, 20571

September 8, 2017

Subject: External Peer Review Report on the Export-Import Bank of the United States
Office of Inspector General Audit Organization

Dear Mr. McCarthy:

Attached is the External Peer Review Report of the Export-Import Bank of the United States Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2 with excerpts and our position incorporated into the relevant sections of the report.

We appreciate the cooperation and courtesies extended to our staff during the review.

James Springs
Inspector General

Attachment



System Review Report

September 8, 2017

To: Michael McCarthy, Acting Inspector General
Export-Import Bank of the United States

We have reviewed the system of quality control for the audit organization of the Export-Import Bank of the United States (EXIM) Office of Inspector General (OIG) in effect for the year ended March 31, 2017. A system of quality control encompasses the EXIM OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. The EXIM OIG is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the EXIM OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed EXIM OIG personnel and obtained an understanding of the nature of the EXIM OIG audit organization, and the design of the EXIM OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the EXIM OIG's system of quality control. The audits selected represented a reasonable cross-section of the EXIM OIG audit organization. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with EXIM OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the EXIM OIG audit organization. In addition, we tested compliance with the EXIM OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the EXIM OIG's policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.



Enclosure 1 to this report identifies EXIM OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of the EXIM OIG in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the EXIM OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The EXIM OIG has received an External Peer Review rating of *pass*.

As is customary, we have issued a letter dated September 8, 2017 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to the EXIM OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether the EXIM OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on the EXIM OIG's monitoring of work performed by IPAs.

James Springs, Inspector General
National Archives and Records Administration

Enclosures

Scope and Methodology

We tested compliance with the EXIM OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of two of two audit reports issued during the period October 1, 2015, through March 31, 2017. We extended the time period reviewed by six months in order to review a second audit to provide greater assurance as to the EXIM OIG system of quality control. We also reviewed the internal quality control reviews performed by the EXIM OIG.

In addition, we reviewed the EXIM OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2015, through March 31, 2017. During the period, the EXIM OIG contracted for the audit of its agency's fiscal year 2016 financial statements. The EXIM OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited the EXIM OIG's office located in Washington, DC.

Reviewed Audits Performed by the EXIM OIG:

Report No.	Report Date	Report Title
OIG-AR-16-05	3/30/2016	Audit of the Export-Import Bank's Contracting Processes
OIG-AR-16-07	9/28/2016	Audit of the Export-Import Bank's Examinations of Delegated Authority Lenders Participating in the Working Capital Guarantee Program

Reviewed Monitoring Files of the EXIM OIG:

Report No.	Report Date	Report Title
OIG-AR-17-01	11/15/2016	Audit of the Export-Import Bank of the United States Fiscal Year 2016 Financial Statements

Recommendation 2 - The EXIM OIG should update its policies and procedures as necessary to ensure compliance with all Government Auditing Standards listed above.

We agree with the recommendation and will improve our Audit Policy Manual by addressing or otherwise clarifying the policies with regard to the items mentioned in the report. The Audit Policy Manual will be updated to include these items by September 30, 2017.

Recommendation 3 - The EXIM OIG should reemphasize to employees the necessary CPE tracking and documentation requirements.

We concur with the recommendation. We will revise our CPE tracking and documentation requirements as necessary and will reemphasize the requirements to employees by September 30, 2017.

We appreciate the professionalism of the NARA OIG auditors during the peer review. If you have any questions, please do not hesitate to call Terry Settle, Assistant Inspector General for Audits at (202) 565-3498.