



United States Government Accountability Office
Washington, D.C. 20548

July 22, 2005

Mr. Michael J. Discenza, Jr.
Chief Financial Officer
Export-Import Bank of the United States

Ms. Linda Conlin
Director & Chairperson of the Audit Committee
Export-Import Bank of the United States

Subject: *Financial Audit: The Export-Import Bank of the United States' Fiscal Year 2004 Management Representation Letter on Its Financial Statements*

As you know, the Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget (OMB), is required to annually prepare and submit audited financial statements of the U.S. government to the President and the Congress. We are required to audit these consolidated financial statements (CFS) and report on the results of our work.¹ In connection with fulfilling our requirement to audit the fiscal year 2004 CFS, we evaluated the Department of the Treasury's (Treasury) financial reporting procedures and related internal control over the process for compiling the CFS, including the management representation letter provided us by Treasury and OMB. Written representation letters from management, required by U.S. generally accepted government auditing standards, ordinarily confirm oral representations given to the auditor, indicate and document the continuing appropriateness of those representations, and reduce the possibility of a misunderstanding between management and the auditor.

In our report, which is included in the fiscal year 2004 Financial Report of the United States Government,² we reported a limitation on the scope of our work due to identified concerns with the adequacy of certain federal

¹The Government Management Reform Act of 1994 has required such reporting, covering the executive branch of government, beginning with financial statements prepared for fiscal year 1997. 31 U.S.C. § 331 (e). The federal government has elected to include certain financial information on the legislative and judicial branches in the CFS as well.

²The fiscal year 2004 *Financial Report of the United States Government* was completed by the Department of the Treasury on December 15, 2004, and is available through both GAO's Web site at www.gao.gov and Treasury's Web site at www.fms.treas.gov/fr/index.html.

agencies' management representations on which Treasury and OMB depend to provide their representations to us regarding the CFS. Specifically, Treasury and OMB stated that their representation letter to us on the CFS was based primarily on the individual federal agency representation letters. Consequently, our audit considered the content of the individual federal agency letters, and the incompleteness of certain of these letters impaired our ability to obtain sufficient evidence in support of our audit of the CFS. This limitation contributed to our disclaimer of opinion on the CFS. We performed sufficient audit work to provide the disclaimer of opinion and issued our audit report, dated December 6, 2004, in accordance with U.S. generally accepted government auditing standards.

As part of our audit of the fiscal year 2004 CFS, we received and reviewed selected federal agencies' management representation letters to assess their adequacy in support of our audit of the CFS. As the federal government gets closer to an opinion on its financial statements, it becomes more important that the federal agencies' management representation letters be complete and reliably prepared.

The purpose of this report is to communicate our observations on the Export-Import Bank of the United States' (Ex-Im Bank) fiscal year 2004 management representation letter. Our objective is to help ensure that future management representation letters submitted by Ex-Im Bank are sufficient to help support Treasury and OMB's preparation of the CFS management representation letter and our ability to rely on the representations in that letter in combination with individual federal agency representation letters. We reviewed five key areas in each management representation letter: (1) signatures, (2) materiality thresholds, (3) representations, (4) summary of unadjusted misstatements, and (5) reliability of representations. In reviewing the management representation letters, we applied the American Institute of Certified Public Accountants' (AICPA) Codification of Auditing Standards, AU Section 333, Management Representations; OMB Bulletin 01-02, Audit Requirements for Federal Financial Statements; and the GAO/President's Council on Integrity and Efficiency (PCIE) Financial Audit Manual (FAM) section 1001, entitled "Management Representations."³

³GAO, *GAO/PCIE: Financial Audit Manual: Update*, [GAO-04-1015G](#) (Washington, D.C.: July 30, 2004), an update to *Financial Audit Manual: Volumes 1 and 2*, [GAO-01-765G](#) (Washington, D.C.: Aug. 1, 2001).

Results in Brief

Ex-Im Bank's fiscal year 2004 management representation letter, as well as several other federal agencies' management representation letters, did not provide all the information necessary to support Treasury and OMB's preparation of the CFS management representation letter. This in turn impacted our ability to rely on the representations in the CFS management representation letter in combination with individual federal agency representation letters.

We identified some needed improvements in one of the five key areas we reviewed. Specifically, the letter included 24 of the 26 representations⁴ from the FAM that were applicable to Ex-Im Bank. For the other 2 representations, 1 was not fully included and 1 was not provided at all. We believe that this matter can be easily addressed. We are making a recommendation to Ex-Im Bank's Chief Financial Officer to ensure future management representation letters fully include all representations from the FAM that are applicable to Ex-Im Bank. Also, we are recommending that the Director of Ex-Im Bank's audit committee, with the contracted independent public accountant, work with the agency to help ensure that future management representation letters meet the key condition noted as needing improvements in this report.

In commenting on a draft of this report, Ex-Im Bank's Chief Financial Officer stated that Ex-Im Bank will include the language called for by the FAM representations in its fiscal year 2005 management representation letter. The Director of Ex-Im Bank's audit committee did not specifically comment on the report.

⁴The FAM lists 27 representations that are ordinarily included, if applicable, in the management representation letter that an agency provides to the auditor. For 4 of the representations, the agency is required to address three separate components. As such, each agency is ordinarily expected to make a total of 35 representations. Six of the 35 representations are not applicable unless the agency received an opinion on its internal control. In addition, 3 representations are only applicable to the 23 CFO Act agencies. Since Ex-Im Bank did not receive an opinion on its internal control for fiscal year 2004 and is not a CFO Act agency, only 26 of the 35 representations were applicable to Ex-Im Bank's fiscal year 2004 management representation letter.

Background

In conducting agency financial statement audits, U.S. generally accepted government auditing standards incorporate financial auditing fieldwork and reporting standards issued by the AICPA. Such auditing standards (AU Section 333) require auditors to obtain certain representations from agency management. These representations are part of the evidential matter to be considered by the auditor in its audit of the agency's financial statements. The representations obtained will depend on the circumstances of the engagement and the nature and basis of presentation of the financial statements. AU Section 333 discusses specific representations that should be obtained from management, including a requirement to attach a schedule of unadjusted financial statement misstatements for entities with uncorrected misstatements.

In addition, OMB Bulletin 01-02 and FAM section 1001 contain guidance on preparing federal agencies' management representation letters. According to the FAM, in addition to the representations included in AU Section 333, the auditor generally should consider the need to obtain representations on other matters based on the circumstances of the audited entity. FAM section 1001A lists 35 specific representations ordinarily included in the management representation letter and also includes a requirement to attach a schedule of unadjusted financial statement misstatements for entities with uncorrected misstatements. (See enc. I for these representations.) Representations listed in FAM section 1001A should be customized to the situation of the entity being audited or excluded if inapplicable. We perform our audit of the CFS in accordance with the FAM and related auditing standards.

Treasury and OMB are to receive management representation letters from certain federal agencies. This is important because U.S. generally accepted government auditing standards require that Treasury and OMB provide us, as principal auditor of the CFS, a management representation letter, and their letter depends on the information in such agencies' management representation letters. In their representation letter to us for the audit of the fiscal year 2004 CFS, Treasury and OMB stated that their representations are based primarily on the representations of those agencies covered by the Chief Financial Officers (CFO) Act and other selected agencies that were made in connection with the preparation of these entities' respective financial statements and provided to OMB and Treasury. For this reason, it is important that all federal agency representation letters be complete and reliable.

Objectives, Scope, and Methodology

In connection with our audit of the fiscal year 2004 CFS, we evaluated Treasury's financial reporting procedures and related internal control, including the CFS management representation letter. For the fiscal year 2004 CFS, 33 of the 35 "verifying agencies" submitted audited financial statements along with their management representation letters to Treasury.⁵ In our review of these 33 management representation letters, our overall objective was to assess their adequacy as it relates to our audit of the CFS. Specifically, we reviewed each agency management representation letter to determine whether the following five key conditions were met:

- the management representation letter was signed by appropriate agency officials;
- the management representation letter included designation as to the amounts above which matters were considered material (materiality thresholds);
- the management representation letter included applicable representations from the FAM;
- the management representation letter included a properly prepared summary of unadjusted misstatements for agencies with uncorrected misstatements; and
- the representations in the management representation letter were reliable based on a review of findings in the auditor's report.

⁵See *Treasury Financial Manual*, vol. I, part 2, ch. 4700, for a list of the 35 agencies. These agencies, for fiscal year 2004, consisted of 23 CFO Act agencies and 12 material other agencies. The 33 agencies we reviewed did not include the U.S. Securities and Exchange Commission and the Smithsonian Institution because these audits were not complete before the fiscal year 2004 *Financial Report of the United States Government* was issued. The Department of Homeland Security (DHS) Financial Accountability Act, Pub. L. No. 108-330, 118 Stat.1275 (Oct. 16, 2004), added DHS to the list of CFO Act agencies, increasing the number of CFO Act agencies again to 24 for fiscal year 2005.

This report is based on the audit work we performed for the audit of the fiscal year 2004 CFS, which was performed in accordance with U.S. generally accepted government auditing standards.

We requested comments on a draft of this report from Ex-Im Bank's Chief Financial Officer and the Director of Ex-Im Bank's audit committee or their designees. Written comments from Ex-Im Bank's Chief Financial Officer and the Director of Ex-Im Bank's audit committee are reprinted in enclosures II and III, respectively, and are also discussed in the Agency Comments and Our Evaluation section.

Ex-Im Bank's Fiscal Year 2004 Management Representation Letter Did Not Provide or Fully Include Applicable Representations from the FAM

With respect to Ex-Im Bank's fiscal year 2004 management representation letter, we identified that the letter did not provide or fully include all applicable representations from the FAM. Written representations from management ordinarily confirm oral representations made to the auditor during the audit, document the continuing appropriateness of those representations, and reduce the possibility of a misunderstanding. To meet auditing standards and OMB requirements, federal agencies' management and auditors need to ensure that management representation letters are complete and accurate.

We found that Ex-Im Bank's fiscal year 2004 management representation letter included 24 of the 26 representations from the FAM that were applicable to Ex-Im Bank. Of the 2 other representations, 1 was not fully included and 1 was not provided at all. For the incomplete representation, the Ex-Im Bank management representation letter included the following representation intended to cover the recording and disclosure of transactions representation called for by FAM #4. (See enc. I for this representation.)

"There are no transactions that have not been properly recorded in the accounting records underlying the financial statements."

While this representation addresses transactions recorded in the accounting records underlying the financial statements, it should also address the disclosure of transactions in the notes to the financial statements as called for by FAM #4.

In addition, the following representation was not provided at all.

- **FAM #10:** All intraentity transactions and balances have been appropriately identified and eliminated for financial reporting purposes, unless otherwise noted. All intragovernmental transactions and balances have been appropriately recorded, reported, and disclosed. We have reconciled intragovernmental transactions and balances with the appropriate trading partners for the four fiduciary transactions identified in Treasury's Intra-governmental Fiduciary Transactions Accounting Guide, and other intragovernmental asset, liability, and revenue amounts as required by the applicable OMB Bulletin.

When agencies do not provide all representations or include incomplete representations in their management representation letters, it impairs our ability to audit the CFS and Treasury and OMB's ability to make these types of representations in the CFS management representation letter.

Conclusions

In one of the five key areas we reviewed, Ex-Im Bank's fiscal year 2004 management representation letter did not provide all the information necessary to support Treasury and OMB's preparation of the CFS management representation letter and our ability to rely on the representations in that letter in combination with individual federal agency representation letters, including that of Ex-Im Bank. The additional information needed from Ex-Im Bank is straightforward and should be easy to address.

Recommendations for Executive Action

We recommend to Ex-Im Bank's Chief Financial Officer that in the future the management representation letter fully include all representations from the FAM that are applicable to Ex-Im Bank.

We recommend that the Director of Ex-Im Bank's audit committee, with the contracted independent public accountant, work with the agency to help ensure that future management representation letters meet the key condition noted as needing improvements in this report.

Agency Comments and Our Evaluation

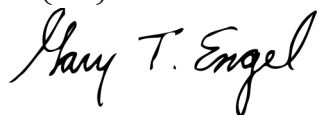
In commenting on a draft of this report, Ex-Im Bank's Chief Financial Officer stated that Ex-Im Bank will include the language called for by the FAM representations in its fiscal year 2005 management representation

letter. As it relates to FAM representation #4, the Chief Financial Officer also stated that the representation included in Ex-Im Bank's management representation letter applied to the entirety of the financial statements, including the notes to the financial statements. However, during our review it was unclear that "financial statements" included the notes to the financial statements. Therefore, in order for there to be no misunderstandings, in future management representation letters, management should represent that there are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements as called for by FAM representation #4. We are pleased that Ex-Im Bank will include the FAM language in its fiscal year 2005 management representation letter. The Director of Ex-Im Bank's audit committee did not specifically comment on the report.

Within 60 days of the date of this report, we would appreciate receiving a written statement on actions taken to address these recommendations.

We are sending copies of this report to the Chairmen and Ranking Minority Members of the Senate Committee on Homeland Security and Governmental Affairs; the Subcommittee on Federal Financial Management, Government Information, and International Security, Senate Committee on Homeland Security and Governmental Affairs; the House Committee on Government Reform; and the Subcommittee on Government Management, Finance, and Accountability, House Committee on Government Reform. In addition, we are sending copies to the Fiscal Assistant Secretary of the Treasury and the Controller of OMB. Copies will be made available to others upon request. This report is also available at no charge on GAO's Web site at www.gao.gov.

We appreciate the courtesy and cooperation extended to us by your staff throughout our work. We look forward to continuing to work with your offices to help improve financial management in the federal government. If you have any questions about the contents of this report, please contact me at (202) 512-3406.



Gary T. Engel
Director
Financial Management and Assurance

Enclosures - 3

Enclosure I: Representations in FAM 1001A

Guidance contained in FAM 1001 and FAM 1001A deals with the management representations that the auditor should obtain from current management as part of the audit. This guidance also acknowledges that judgment needs to be exercised to obtain representations that depend on the circumstances of the engagement and the nature and basis of presentation of the financial statements. Representations given in FAM section 1001A should be customized to the situation of the entity being audited, and additional representations may need to be obtained.

FAM 1001A lists 27 representations that are ordinarily included, if applicable, in the management representation letter that an agency provides to the auditor. For representations 3, 11, 16, and 18, the agency should address three separate components. As such, each agency is ordinarily expected to make a total of 35 representations. Representations 18, 19, 20, and 21 are not applicable unless the agency received an opinion on its internal control. In addition, representations 22, 23, and 24 address the three requirements of the Federal Financial Management Improvement Act of 1996 and are only applicable to the 24 CFO Act agencies. The 35 representations in FAM 1001A are as follows.

1. We are responsible for the fair presentation of the financial statements and stewardship information in conformity with U.S. generally accepted accounting principles.
2. The financial statements are fairly presented in conformity with U.S. generally accepted accounting principles.
3. We have made available to you all
 - a. financial records and related data;
 - b. where applicable, minutes of meetings of the Board of Directors [or other similar bodies, such as congressional oversight committees] or summaries of actions of recent meetings for which minutes have not been prepared; and
 - c. communications from the Office of Management and Budget (OMB) concerning noncompliance with or deficiencies in financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements.
5. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. [If management believes that certain of the identified items are not misstatements, management's belief may be acknowledged by adding to the representation, for example, "We believe that items XX and XX do not constitute misstatements because [description of reason]."]
6. The [entity] has satisfactory title to all owned assets, including stewardship property, plant, and equipment; such assets have no liens or encumbrances; and no assets have been pledged.
7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
8. Guarantees under which the [entity] is contingently liable have been properly reported or disclosed.
9. Related party transactions and related accounts receivable or payable, including assessments, loans, and guarantees, have been properly recorded and disclosed.
10. All intraentity transactions and balances have been appropriately identified and eliminated for financial reporting purposes, unless otherwise noted. All intragovernmental transactions and balances have been appropriately recorded, reported, and disclosed. We have reconciled intragovernmental transactions and balances with the appropriate trading partners for the four fiduciary transactions identified in Treasury's *Intra-governmental Fiduciary Transactions Accounting Guide*, and other intragovernmental asset, liability, and revenue amounts as required by the applicable OMB Bulletin.

11. There are no
 - a. possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency,
 - b. material liabilities or gain or loss contingencies that are required to be accrued or disclosed that have not been accrued or disclosed, or
 - c. unasserted claims or assessments that are probable of assertion and must be disclosed that have not been disclosed.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
13. No material events or transactions have occurred subsequent to September 30, 20X2 [or date of latest audited financial statements], that have not been properly recorded in the financial statements and stewardship information or disclosed in the notes.
14. We are responsible for establishing and maintaining internal control.
15. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud (intentional misstatements or omissions of amounts or disclosures in financial statements and misappropriation of assets that could have a material effect on the financial statements).
16. We have no knowledge of any fraud or suspected fraud affecting the [entity] involving:
 - a. management,
 - b. employees who have significant roles in internal control, or
 - c. others where the fraud could have a material effect on the financial statements.

[If there is knowledge of any such instances, they should be described.]

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the [entity] received in communications from employees, former employees, or others. [If there is knowledge of any such allegations, they should be described.]

18. Pursuant to 31 U.S.C. 3512(c), (d) (commonly known as the Federal Managers' Financial Integrity Act), we have assessed the effectiveness of the [entity's] internal control in achieving the following objectives:
 - a. reliability of financial reporting—transactions are properly recorded, processed, and summarized to permit the preparation of financial statements and stewardship information in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use or disposition;

 - b. compliance with applicable laws and regulations—transactions are executed in accordance with (i) laws governing the use of budget authority and with other laws and regulations that could have a direct and material effect on the financial statements and (ii) any other laws, regulations, and governmentwide policies identified by OMB in its audit guidance; and

 - c. reliability of performance reporting—transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management.

[If the entity bases its internal control assessment on suitable criteria other than 31 U.S.C. 3512(c), (d), this item should cite the criteria used (for example, *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission).]

19. Those controls in place on September 30, 20X2 [or date of latest audited financial statements], and during the years ended 20X2 and 20X1, provided reasonable assurance that the foregoing objectives are met. [If there are material weaknesses, the foregoing representation should be modified to read:

Those controls in place on September 30, 20X2, and during the years ended 20X2 and 20X1, provided reasonable assurance that the

foregoing objectives are met except for the effects of the material weaknesses discussed below or in the attachment.

or: Internal controls are not effective.

or: Internal controls do not meet the foregoing objectives.]

20. We have disclosed to you all significant deficiencies in the design or operation of internal control that could adversely affect the entity's ability to meet the internal control objectives and identified those we believe to be material weaknesses.
21. There have been no changes to internal control subsequent to September 30, 20X2 [or date of latest audited financial statements], or other factors that might significantly affect it. [If there were changes, describe them, including any corrective actions taken with regard to any significant deficiencies or material weaknesses.]
22. We are responsible for implementing and maintaining financial management systems that substantially comply with federal financial management systems requirements, federal accounting standards (U.S. generally accepted accounting principles), and the U.S. Government Standard General Ledger at the transaction level.
23. We have assessed the financial management systems to determine whether they substantially comply with these federal financial management systems requirements. Our assessment was based on guidance issued by OMB.
24. The financial management systems substantially complied with federal financial management systems requirements, federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level as of [date of the latest financial statements].

[If the financial management systems substantially comply with only one or two of the above elements, this representation should be modified as follows:

As of [date of financial statements], the [entity's] financial management systems substantially comply with [specify which of the three elements for which there is substantial compliance (e.g., federal accounting standards and the SGL at the transaction level)],

but did not substantially comply with [specify which of the elements for which there was a lack of substantial compliance (e.g., federal financial management systems requirements)], as described below (or in an attachment).]

[If the financial management systems do not substantially comply with any of the three elements, the following paragraph should be used instead:

As of [date of financial statements], the [entity's] financial management systems do not substantially comply with the federal financial management systems requirements.]

[If there is a lack of substantial compliance with one or more of the three requirements, identify herein or in an attachment all the facts pertaining to the noncompliance, including the nature and extent of the noncompliance and the primary reason or cause of the noncompliance.]

25. We are responsible for the [entity's] compliance with applicable laws and regulations.
26. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
27. We have disclosed to you all known instances of noncompliance with laws and regulations.

Enclosure II: Comments from the Office of the Chief Financial Officer at the Export-Import Bank



EXPORT-IMPORT BANK
OF THE UNITED STATES

June 2, 2005

Mr. Gary T. Engel
Director
Financial Management & Assurance
U.S. Government Accountability Office
Washington, D.C. 20542

Dear Mr. Engel:

Thank you for the opportunity to respond to and comment on the Government Accountability Office's (GAO) draft report: *Financial Audit: The Export Import Bank of the United States' Fiscal Year 2004 Management Representation Letter on Its Financial Statements*. Please find below our comments to the draft report.

Background

The Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget (OMB) is required to annually prepare and submit audited consolidated financial statements (CFS) of the U.S. government to the President and the Congress. The GAO is required to audit the CFS and report on the results of their work.

In connection with fulfilling their requirement to audit the FY 2004 CFS, GAO evaluated the Department of Treasury's financial reporting procedures and related internal control over the process for compiling the CFS, including the management representation letter provided by Treasury and OMB. In that letter Treasury and OMB stated that their representation letter to GAO on the CFS was based primarily on the individual federal agency management representation letters to obtain sufficient evidence to support their audit opinion on the consolidated financial statements. Thus the GAO audit considered the content of the individual federal agency letters, and the incompleteness of certain of these letters impaired GAO's ability to obtain sufficient evidence in support of their audit opinion on the CFS. GAO issued a disclaimer of opinion and issued their audit report on the CFS on December 6, 2004.

GAO reviewed the management representation letters against various AICPA, OMB and GAO guidance, including the GAO/President's Council on Integrity and Efficiency (PCIE) Financial Audit Manual (FAM) section 1001 entitled, "Management Representations, in five key areas: (1) signatures, (2) materiality thresholds, (3)

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**Enclosure II: Comments from the Office of
the Chief Financial Officer at the Export-
Import Bank**

representations, (4) summary of unadjusted misstatements, and (5) reliability of representations.”

In reviewing the Ex-Im Bank’s fiscal year 2004 management representation letter, GAO identified 26 representations from the Financial Audit Manual (FAM) that were applicable to Ex-Im Bank. According to the GAO report, Ex-Im Bank included only 24 representations in the fiscal year 2004 management representation letter.

GAO Identified Representation not provided in Ex-Im Bank’s Management Representation Letter

- FAM #4: There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements.

Ex-Im Bank’s Comments

- Ex-Im Bank included a representation (#17) that meets FAM #4. We stated: “There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.” While Ex-Im inadvertently omitted the language regarding “disclosure in the notes to the financial statements” outlined under FAM #4, we believe that the notes to the financial statements are an integral component of the financial statements and that our management representations and audit opinions apply to the entirety of the financial statements, including the notes to the financial statements. It is our intention to include the exact language of FAM #4 in future management representation letters. Ex-Im Bank requests the removal of FAM #4 as an identified representation not provided in Ex-Im Bank’s Management Representation Letter.
- Action: Ex-Im Bank will include the exact language under FAM #4 in the FY 2005 Management Representation Letter.

GAO Identified Representation not provided in Ex-Im Bank’s Management Representation Letter

- FAM #10: All intraentity transactions and balances have been appropriately identified and eliminated for financial reporting purposes, unless otherwise noted. All intragovernmental transactions and balances have been appropriately recorded, reported, and disclosed. We have reconciled intragovernmental transactions and balances with the appropriate trading partners for the four fiduciary transactions identified in Treasury’s Intragovernmental Fiduciary Transactions Accounting Guide, and other intragovernmental asset, liability, and revenue amounts as required by the applicable OMB Bulletin.

**Enclosure II: Comments from the Office of
the Chief Financial Officer at the Export-
Import Bank**

Ex-Im Bank's Comments

- Ex-Im Bank's external auditors, in fiscal year 2004, reviewed and audited the representations associated with FAM #10. Ex-Im Bank inadvertently omitted this representation in its' FY 2004 Management Representation Letter. There are 3 components under FAM #10. The first component, intraentity transactions and balances, is not applicable to Ex-Im Bank. The second component, intragovernmental transactions and balances recorded, reported, and disclosed, was audited by the external auditors. The third component, reconciliation of transactions and balances, had also been reviewed and audited by the external auditor.
- Action: Ex-Im Bank will include the exact language under FAM #10 in the FY 2005 Management Representation Letter. Ex-Im Bank's external auditors will continue to review and audit the FAM #10 representations.

We look forward to continuing our collaborative working relationship with GAO. Please contact me if you have any further questions.

Sincerely,



Michael J. Discenza, Jr.
Chief Financial Officer (Acting)

CC: Peter Saba
Chief Operating Officer

Ms. Linda M. Conlin
Member, Board of Directors and Chair of Audit Committee

Ms. Karen Bowman
Partner, Deloitte

Enclosure III: Comments from the Audit Committee at the Export-Import Bank



EXPORT-IMPORT BANK
OF THE UNITED STATES

May 26, 2005


Mr. Gary T. Engel
Director
Financial Management & Assurance
U.S. Government Accountability Office
Washington, D.C. 20542

Dear Mr. Engel:

As Chair of the Ex-Im Bank Audit Committee, I want to acknowledge receipt of the GAO draft report on Ex-Im Bank's financial audit. We appreciate you providing Ex-Im Bank with an opportunity to review and comment on the report before it is officially issued. Since GAO is commenting on the 2004 representation letter from Ex-Im Bank management to Deloitte and Touche, Ex-Im Bank management will be providing a response by the June 2, 2005 deadline.

Ex-Im Bank again appreciates the opportunity to comment, and looks forward to working together in the future.

Sincerely,


Linda Mysliwy Conlin
Member, Board of Directors
Export-Import Bank of the United States

CC: Michael Discenza
Chief Financial Officer, Export-Import Bank of the United States

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