

# OFFICE OF INSPECTOR GENERAL

## EXPORT-IMPORT BANK *of the* UNITED STATES



## STRATEGIC PLAN

FISCAL YEARS 2011 – 2016



# STRATEGIC PLAN

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### *Message from the Inspector General*

The Export-Import Bank of the United States (Ex-Im Bank) is the official credit agency of the United States. Its purpose and mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank enables U.S. companies — large and small — to turn export opportunities into real sales that help maintain and create U.S. jobs and contribute to a stronger national economy.

Ex-Im Bank has been significantly increasing its credit authorizations in the last several years reaching record authorization levels of \$21 billion in FY 2009 and \$24.4 billion in FY 2010. These record levels were reached during a global crisis affecting the financial system worldwide and increased competition from other Export Credit Agencies (ECAs). Now, Ex-Im Bank is perhaps in the midst of its most daunting initiative: to be an integral part of the national goal issued by President Obama in his first State of the Union address to the nation in 2010 of doubling exports in the next five years. To assist in achieving this national goal, Ex-Im Bank embarked on a number of internal endeavors, namely: changes to its organizational structure, creation of new products, development and implementation of outreach strategies, and changes in internal processes and procedures. Ex-Im Bank is now in its second year of nationwide tours presenting Bank related products to manufacturers, exporters, and lending institutions. In addition, Ex-Im Bank has developed and is implementing a five-year strategic plan providing a road map towards the direction Ex-Im Bank is heading.

In order to become more effective, efficient, and create a value-added impact on Ex-Im Bank's programs and operations, the OIG has developed this five-year strategic plan to describe the goals of this office to Ex-Im Bank management, Congress, and other stakeholders. This plan outlines how these goals and its objectives will accomplish the OIG's statutory mandate and overarching mission: to improve the efficiency of Ex-Im Bank's programs and operations while preventing and detecting fraud, waste, and abuse.

To achieve this mission, the OIG identified the following goals that it needs to meet or exceed in the years to come:

***Strategic Goal 1:*** Keep the Chairman and Congress fully informed on the administration of Ex-Im Bank's programs and operations, the

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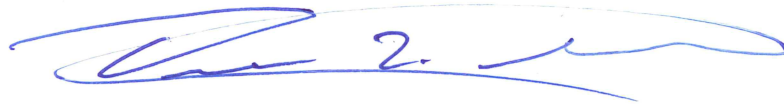
need for and progress of corrective actions, as well as any sensitive investigations.

**Strategic Goal 2:** Promote efficiency and improvements in the way Ex-Im Bank advances its mission of financing the export of U.S. goods and services while fostering domestic jobs.

**Strategic Goal 3:** Support Ex-Im Bank in achieving management and organizational excellence and higher levels of performance.

**Strategic Goal 4:** Preserve and protect the integrity of Ex-Im Bank programs and operations from fraud, waste, and abuse.

Keeping these goals and objectives in perspective, focusing on Ex-Im Bank's operation, and remembering the reason for our existence, will allow this office to continue on the path of improving the ways American exporters and manufacturers receive financial support for their exports while fostering American jobs.



Osvaldo L. Gratacós  
Inspector General

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### *Authority & Responsibility*

The Ex-Im Bank Office of Inspector General (OIG) was established in 2002, by Public Law 107-189. On August 7, 2008, Michael W. Tankersley was sworn in as the first Inspector General at Ex-Im Bank. Osvaldo L. Gratacós currently serves as the Inspector General of Ex-Im Bank. The Inspector General Act of 1978 (IG Act), as amended, authorizes the Inspector General to conduct and supervise audits and investigations. Because of this work, the OIG (1) promotes economy, efficiency, and effectiveness and (2) detects and prevents fraud, waste, and abuse in Ex-Im Bank programs and operations. The Inspector General is responsible for keeping the Ex-Im Bank Chairman and Congress fully informed of the results of audits and investigations related to Ex-Im Bank's programs and operations, as well as the necessity for, and progress of, corrective actions.

### *Vision & Mission*

#### *Vision*

To become the most efficient, effective, and reliable OIG in the Federal Government.

#### *Mission*

The mission of Ex-Im Bank OIG is to create value-added impact on Ex-Im Bank's programs and operations for the benefit of Ex-Im Bank, taxpayers, and American exporters and manufacturers.

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### *Values*

In accomplishing our mission, Ex-Im Bank OIG is committed to the following core values:

**Integrity** Strive to display character, decency, and honor in everything Ex-Im Bank OIG does; work openly and fairly with colleagues and partners; show respect for one another; avoid undertaking work or issuing findings without reasonable notice to Ex-Im Bank management; acknowledge the existence of challenges faced by Ex-Im Bank that the OIG can help address; and accept responsibility for actions.

**Excellence** Strive to produce work that has distinction, merit, quality, and a positive effect; be thorough, objective, and fair; work efficiently with highly trained co-workers who enjoy equal opportunities to excel; deliver products that are accurate, timely, complete, concise, and meaningful; and present work in a way that is most useful to those who are responsible for implementing the organization's goals and objectives.

**Teamwork** Work with Ex-Im Bank management to understand programs and organizational objectives; maintain open communications at all levels, both within Ex-Im Bank and the OIG; demonstrate and encourage integrity and excellence; understand the entire OIG program and its effect on Ex-Im Bank's programs; help management find solutions to problems; and remember that Ex-Im Bank OIG success is measured, in part, by the success of our colleagues and partners. -

**Independence** Make independent and objective assessments free from personal bias, undue internal and external influences or pressures, and potential conflicts of interest.

## *Strengths, Opportunities, Weaknesses, & Threats*

### *Strengths*

- Experienced and qualified staff (significant OIG experience)
- Internal credit, banking, and risk-management knowledge and experience
- Clear understanding of Ex-Im Bank mission and objectives
- Positive working relationship with Ex-Im Bank managers
- Early successes
- Senate support of OIG mission and understanding of OIG challenges (thus far)
- Positive working relationship with other agencies to help accomplish the OIG mission (General Accounting Office, Immigrations and Customs Enforcement, Department of Justice, U.S. Postal Inspection Service, and others)

### *Opportunities*

- Emphasis by current administration to expand exports and support export related agencies
- Creation of new products and Ex-Im Bank internal changes
- Internal skills to conduct cross-functional efforts
- Steady increase of export credit authorizations
- Credit gap in private lending due to credit freeze (medium term and still in short term)
- Emerging markets growth (Brazil, India, China (limited), Indonesia, Vietnam, and others)
- Changing financial landscape

### *Weaknesses*

- Limited resources and budget
- Dependence on outside expertise and resources

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## *General Strategic Objectives & Goals for Ex-Im Bank OIG*

### *Threats*

- Charged political environment
- Budget reductions and/or cuts (deficit)
- Unexpected change in credit standards
- Double dip recession or sudden depreciation of U.S. dollar (desperate buyers and exporters)
- Competition from other ECAs
- Inflationary pressures
- China financing terms
- Growing complexity of structured financings

The Ex-Im Bank OIG's statutory mandate is to improve the integrity, efficiency, and effectiveness of all Ex-Im Bank's programs and operations while identifying and preventing fraud, waste and abuse.

Based on the overarching philosophy described in its mission and values statements, the OIG developed its strategic objectives and goals as best suitable for Ex-Im Bank's programs and operations. The objectives and goals are driven by legislative mandates, Ex-Im Bank goals, market challenges facing Ex-Im Bank, and activities identified as having high risks of fraud, waste, and abuse. Ex-Im Bank OIG has established strategic goals with objectives and performance metrics to describe how Ex-Im Bank OIG expects to accomplish and measure success in achieving its goals.

***Strategic Goal 1:*** Keep the Chairman and Congress fully informed of the status of Ex-Im Bank's administration of its programs and operations, the need for and progress of corrective actions, as well as any sensitive investigation.

**Objective 1.1:** Provide timely, high-quality reports and comprehensive briefings to the Chairman and Congress on the major challenges identified



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by audits, inspections, and investigations. In accordance with the IG Act, the OIG will keep both the Chairman and Congress informed on the status of significant OIG audit and investigative activities, problems, and issues as they relate to Ex-Im Bank's operations.

**Strategy:** The OIG will meet on a regular basis, not less than once a month, with the Ex-Im Bank Chairman to discuss OIG's findings, observations, and investigative status. Further, the OIG will issue reports on all completed audits, inspections, and investigations and meet periodically with Congressional staff to discuss matters of interest to them. In addition, Ex-Im Bank OIG will identify and present, with appropriate recommendations, matters of high risk and utmost importance for Ex-Im Bank.

**Objective 1.2:** Keep the Chairman and Congress informed as to performance and success of programs and strategies related to Congressional mandates. These mandates are: increase small business participation in Ex-Im Bank financing; promote and support environmentally beneficial exports; and increase export financing of U.S. manufactured goods and services to sub-Saharan Africa.

**Strategy:** In collaboration with the General Accountability Office (GAO), the OIG will review, inspect, and audit programs and strategies related to the Congressional mandates clearly stated in the Ex-Im Bank charter. Some of these mandates have been initially reviewed and audited by GAO without OIG assistance. The OIG will collaborate with GAO in continued monitoring of these mandates.

***Strategic Goal 2:*** Promote efficiency and improvements in the way Ex-Im Bank advances its mission of promoting U.S. goods and services while fostering domestic jobs.

**Objective 2.1:** Contribute to improvements in Ex-Im Bank's programs focused on: expanding growth in domestic labor, promoting American

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goods and services, and fostering export transactions. Ex-Im Bank has identified the need to increase partnerships with trade organizations, local governments, foreign countries, financial institutions, and training of exporters and manufacturers on Ex-Im Bank programs as part of its strategic goals and objectives.

The OIG will conduct audits, assessments, reviews, and inspections of Ex-Im Bank's implementation of objectives, programs, and products on a recurring basis. These OIG activities will be conducted throughout the year and will address priorities based on risk assessments and exposure, uncovered fraud levels, complaints, Congressional requests, or management initiatives. Audits and inspections plans will be developed every year.

**Strategy:** Ex-Im OIG currently prepares an annual audit plan identifying areas to be audited during the fiscal year. The plan outlines how OIG will review Ex-Im Bank's development and quality of performance measures used in determining whether Ex-Im Bank has reached its goals. A copy of the audit plan is shared with senior managers and the Ex-Im Bank Audit Committee. Audit recommendations, suggestions, and observations are provided to Ex-Im Bank management for comments before completion of the final audit.

Ex-Im OIG is developing a framework for conducting inspections, possibly including mandatory inspections in the case of material loss to Ex-Im Bank and validation inspections.

**Objective 2.2:** Contribute to efficiency of Ex-Im Bank programs focused on expanding guarantees and insurance of U.S. export transactions. Audits will be performed on Ex-Im Bank's guarantee, insurance, and working capital programs and operations to measure the increase in growth of promoting U.S. goods and services while leading to improved domestic job creation.

Ex-Im Bank OIG plans to give priority to the areas of: short-term, medium-term, long-term, direct lending, working capital, and small business programs. Audits, reviews, inspections, and evaluations will be conducted to assess Ex-Im Bank's vulnerabilities and to improve efficiency on these program. Specific transactional inspections will be conducted for claims and

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defaults resulting in substantial losses to Ex-Im Bank.

**Strategy:** The OIG will implement a more comprehensive audit plan and inspections function in order to achieve the intended objectives and goals. Barring fiscal restrictions and cuts, the OIG would add at least one more auditor and one more inspector to the existing units, as well as utilize private sector expertise and support through procurement vehicles.

**Objective 2.3:** Support and contribute to Ex-Im Bank strategies to improve the ease of doing business for customers while contributing to the development of best practices and limiting Ex-Im Bank's exposure to fraud.

Ex-Im Bank has long been criticized by its customers and stakeholders for the perceived long turn-around or approval transaction time. As part of its strategic goals and objectives, Ex-Im Bank has identified the need to improve and streamline its end-to-end process to address customer concerns and increase transactional volume.

**Strategy:** The OIG will review and audit end-to-end policies and procedures in the higher volume Ex-Im Bank programs to measure Ex-Im Bank's performance towards its goals and provide recommendations and observations to reduce approval cycle times. At the same time, the OIG will provide recommendations and suggestions focused on protecting Ex-Im Bank programs from fraud, waste, and abuse. These activities will focus on credit underwriting practices, security interest determinations, and monitoring and pricing of medium and short-term programs specifically; also benchmarking with other public and private Export Credit Agencies.

***Strategic Goal 3:*** Support Ex-Im Bank in achieving management and organizational excellence and higher levels of performance.

**Objective 3.1:** Contribute to improving the strategies for succession planning and leadership continuity, and strategies that integrate workforce planning into Ex-Im Bank's budget and strategic plans.

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Audits will be conducted to ensure that Ex-Im Bank manages its human capital effectively while conforming to Office of Management and Budget (OMB) and Office of Personnel Management (OPM) initiatives and goals. Ex-Im Bank OIG will meet with Ex-Im Bank staff to exchange views on Ex-Im Bank's management of human capital and provide advice, if appropriate.

**Strategy:** The OIG plans to give priority to supporting Ex-Im Bank in the following areas:

- Workforce planning
- Use of existing personnel flexibilities, tools, and technology
- Succession planning
- Managing productivity
- Internal accountability systems
- Competitive sourcing
- Employee security
- Supporting compliance with personnel rules and equal employment opportunity laws

**Objective 3.2:** Contribute to improvements in Ex-Im Bank's processes for planning, monitoring, and reporting on program activities and integrating performance information into budget decision-making.

Ex-Im Bank has identified the development of performance metrics as one of its strategic objectives. The OIG will support the development and implementation of these metrics and will conduct audits and assessments of Ex-Im Bank's operational policies and procedures, strategic plan, congressional budget justification, and annual reporting process, including progress reporting for key program areas, to ensure that Ex-Im Bank has an effective system for managing for results and that budget preparation is being linked directly to performance outcomes. The OIG will also meet with Ex-Im Bank staff to exchange views on Ex-Im Bank's progress toward developing such systems, processes, and procedures and to provide recommendations, if appropriate.

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**Strategy:** The OIG will give priority to supporting Ex-Im Bank in the following areas:

- Ex-Im Bank's program policies and procedures
- Creation of performance standards and metrics
- Benchmarking
- Underwriting support
- Field support related to claims

**Objective 3.3:** Contribute to improvements in Ex-Im Bank's processes for awarding and administering acquisition and assistance instruments. Audits and reviews of substantial procurement awards will be conducted to assure proper accountability of funds and adherence to procurement rules.

**Strategy:** Audits and reviews will be conducted to support Ex-Im Bank in achieving its procurement-related goals and to ensure that Ex-Im Bank conforms to Office of Federal Procurement Policy directives and best practices. When warranted, the OIG will meet with Ex-Im Bank staff to exchange views on Ex-Im Bank's procurement processes and to provide advice, if appropriate. Finally, audit and investigation work will be directed toward helping ensure that contractors meet applicable integrity standards.

The OIG plans to give priority to supporting Ex-Im Bank efforts in the following areas:

- Training and use of cognizant technical officers or contracting technical officers
- Managing service contracts
- Compliance with acquisition and assistance policies and procedures
- Small business utilization (when required)
- Procurement system evaluations
- Unallowable contractor costs

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**Objective 3.4:** Assist Ex-Im Bank in improving the financial systems that contribute to preparation of reliable and useful information that managers can use to manage Ex-Im Bank programs.

**Strategy:** Annual audits will be conducted of Ex-Im Bank's consolidated financial statements in accordance with the Chief Financial Officer's Act, Government Management Reform Act, and OMB implementing guidance.

The OIG will focus on the following issues:

- Compliance with Federal financial management system requirements and applicable accounting standards
- Accurate and timely interim financial reporting
- Integration of financial management systems
- Accurate and timely posting of transactions
- Timely reconciliation of financial data

**Objective 3.5:** Assist Ex-Im Bank in ensuring proper accountability for funds related to travel expenditures (sponsored, non-sponsored, and asset management purposes). Due to the nature of its mission, Ex-Im Bank allocates a sizable portion of its operational budget to overseas travel. Business development efforts by senior managers and Board members, understanding of local markets and customs, buyers' operational and financial practices, and factors that could affect the performance of the transactions are important elements embedded in Ex-Im Bank's mission and are relevant when determining reasonable assurance of repayment and likelihood of project success. Once transactions have been approved and funded, monitoring the assets is an essential part in preventing unexpected defaults and claims.

**Strategy:** Audits and reviews of travel expenses and approval methods will be conducted to assure proper accountability of funds and adherence to travel regulations. Audits and reviews of travel practices and expenditures will be conducted to assure proper adherence to travel regulations. Allowable cost and performance audits will be conducted to determine proper accountability of funds.

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**Objective 3.6:** Promote improvements in the creation of systems and information technology (IT) infrastructures that will improve staff productivity, assist in streamlining end-to-end process for transactions, and allow for seamless connectivity and communication in all aspects of an export credit transaction.

Effective and efficient IT infrastructure is an important element for Ex-Im Bank to achieve optimal operational status. Ex-Im Bank has invested millions of dollars in improving and developing its IT infrastructure. From developing Ex-Im Online to creating programs to support Ex-Im Bank functions, the IT infrastructure has seen a number of changes in the last several years.

**Strategy:** Audits and assessments will be conducted to ensure that Ex-Im Bank's major information systems acquisitions are managed properly in accordance with applicable laws and OMB guidance. Audits and reviews will be conducted of Ex-Im Bank's efforts to implement presidential e-government initiatives. Further, wasteful expenditures on IT systems will be identified and effectiveness of current systems will be determined. The OIG will meet with Ex-Im Bank staff to exchange views on Ex-Im Bank's IT acquisition process and provide advice, if appropriate. The OIG will focus on the following areas:

- Compliance with the Clinger-Cohen Act of 1996
- Compliance with OMB Circular A-11, Exhibit 53, Form 300
- Compliance with cost, schedule, and performance targets
- Compliance with Ex-Im Bank and IT strategic plans
- E-government and Government Paperwork Elimination Act initiatives
- IT spending

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***Strategic Goal 4:*** Preserve and protect the integrity of Ex-Im Bank programs and operations from fraud, waste, and abuse.

**Objective 4.1:** Effectively investigate allegations of fraud, waste, and abuse in Ex-Im Bank programs and operations.

**Strategy:** The OIG will investigate allegations of fraud, waste, and abuse affecting Ex-Im Bank programs and operations. In addition, the OIG will make referrals, as appropriate, to the U.S. Department of Justice for criminal/civil action and/or to Ex-Im Bank management for administrative action. The OIG will track and report all allegations investigated and all criminal, civil, and administrative actions taken because of OIG investigations and will further inform the Chairman of such actions.

**Objective 4.2:** Prevent fraud, waste, and abuse in Ex-Im Bank programs. By developing a deep understanding of fraudulent schemes and wasteful spending, the OIG will train Ex-Im Bank employees involved in credit and insurance originations, asset management, and spending decisions in order to create widespread awareness of fraud, waste, and abuse.

**Strategy:** The OIG will continue to conduct training in fraud awareness to alert employees and contractors to fraudulent schemes and practices and will conduct proactive assessments and investigations to identify vulnerabilities in Ex-Im Bank programs that could lead to criminal, civil, or administrative actions. In addition, the OIG will recommend action for systemic improvements, as necessary, and work with Ex-Im Bank to correct weaknesses in programs and operations. Finally, the OIG will conduct risk assessments and inspections of programs as necessary to develop appropriate strategies for audit coverage and will promote the OIG Hotline as a tool for reporting fraud, waste, and abuse.

**Objective 4.3:** Preserve and protect Ex-Im Bank employee integrity by efficiently and expeditiously investigating allegations of employee misconduct in order to minimize or eradicate instances of such acts.

**Strategy:** The OIG will efficiently and expeditiously investigate allegations of personnel misconduct by assigning a special agent the task of



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investigating these cases. The OIG will support Ex-Im Bank administrative actions and remedies related to employee integrity. When warranted, the OIG will make referrals to the U.S. Department of Justice for criminal/civil action and/or to Ex-Im Bank for administrative action. In addition, the OIG will track and report all allegations investigated and all criminal, civil, and administrative actions taken.

### *Consultations*

An important element in carrying out OIG audits, inspections, and investigative work is our collaboration with other organizations. The OIG consults with other organizations to consider the work they have performed, seek opportunities for joint efforts, and obtain additional information that will affect our planning and activities.

#### ***Government Accountability Office (GAO)***

The IG Act requires coordination with the Government Accountability Office (GAO) to prevent duplication of efforts and ensure effective coordination and cooperation. The OIG has assigned a liaison to serve as the principal contact with GAO and is responsible for keeping the OIG advised on GAO's audit work and reports. Consultation and coordination with the GAO is undertaken in the preparation of annual audit plans.

#### ***U.S. Department of Justice (DOJ)***

The IG Act requires the referral of criminal matters to the U.S. Department of Justice (DOJ) for prosecution. In light of this requirement, the OIG works very closely with the different DOJ components including but not limited to: U.S. Attorney's Offices, Criminal Fraud Section, Civil Section, and others.

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## *Other Agencies*

Several other Federal agencies have interests in the activities conducted by Ex-Im Bank and Ex-Im Bank OIG. For example, the U.S. Department of Homeland Security Immigration and Customs Enforcement (ICE) investigates matters involving export fraud and money laundering. The OIG has already developed a partnership with ICE, which has joined OIG on some investigations.

Other key partners are: Federal Bureau of Investigations, U.S. Postal Service Inspection Services, U.S. Department of the Treasury Financial Crimes Enforcement Network, Internal Revenue Service, and others.

The Ex-Im Bank OIG also coordinates with other law enforcement agencies and OIGs through the Council of Inspectors General for Integrity and Efficiency.

## *Customers and Stakeholders*

Understanding the needs of our customers and ensuring that these needs are addressed is vital to the overall success of OIG operations. To facilitate exchanges between OIG staff and its customers, the OIG is proactively reaching out to its stakeholders (extending from Ex-Im Bank to Congressional staff) to conduct information-sharing sessions.

## *Factors Affecting OIG Audit, Inspections, & Investigative Activities*

The OIG faces several factors that could affect its ability to achieve its goals and objectives. For example, the OIG has no implementation authority. The OIG only makes recommendations and suggestions to Ex-Im Bank based on its audit, evaluations, assessments, reviews, inspections, and investigative findings. Ex-Im Bank is not obligated to accept any of the OIG's recommendations and suggestions. The OIG's recommendations, along with Ex-Im Bank's responses, are included in OIG reports and summarized in the semiannual report to Congress. In addition, other factors discussed below, both internal and external to Ex-Im Bank, also affect the OIG's ability to accomplish its work.

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### *Ex-Im Bank's Internal Environment*

As a recently created office, Ex-Im Bank OIG is assessing Ex-Im Bank management challenges as documented in the past. Ex-Im Bank has made progress but still does not have timely, accurate, and reliable performance data and integrated information management systems. Ex-Im Bank continues to have problems developing systems that are effective and add efficiency to its operations.

IT issues have not been addressed successfully, despite long-standing recognition of the problem. For example, a lack of a strategic plan and implementation schedule makes it difficult for the IT group to maintain modern and efficient levels of programs to ensure seamless performance of origination, monitoring, and file archiving systems. As a result, Ex-Im Bank is vulnerable to higher file loss rate, lack of connectivity between different systems creating increased contractor costs, delays in performance, lack of fully searchable databases and information systems, and absence of a viable centralized records management system. These internal Ex-Im Bank factors pose significant challenges in our audit and investigative work. Because of the inability to rely on Ex-Im Bank's information systems, for example, our auditors must increase the amount of testing required for our audits, and investigators spend an increased number of hours locating and gathering documents, thereby increasing the cost and time required to complete the reports and investigations.

### *Ex-Im Bank Bank's External Environment*

Ex-Im Bank operates in more than 100 countries. Ex-Im Bank's working environment is complex, given differences in language, law, accounting standards, and standards of accountability. Besides the inherent difficulties in operating in an overseas environment, Ex-Im Bank is faced with approving transactions susceptible to corruption and fraud. In carrying out its audits and investigations, OIG staff must be aware of these vulnerabilities and factor the high-risk environment into designing audit and investigative strategies.