

# GAO Highlights

Highlights of [GAO-15-557T](#), a testimony before the Subcommittee on Health Care, Benefits, and Administrative Rules and the Subcommittee on Monetary Policy and Trade, House of Representatives

## Why GAO Did This Study

As the export credit agency of the United States, Ex-Im helps U.S. firms export goods and services by providing financing assistance, including direct loans, loan guarantees, and insurance. Following the 2007 to 2009 financial crisis, Ex-Im's authorizations and financial exposure both increased rapidly. To strengthen Ex-Im, Congress mandated several reform measures in the Export-Import Bank Reauthorization Act of 2012 and also required certain reviews and reports by GAO and others. Since March 2013, GAO has issued four reports mandated by the act ([GAO-13-303](#), [GAO-13-446](#), [GAO-13-620](#), and [GAO-14-574](#)). In addition, in August and July 2014, GAO reported on Ex-Im's financing of exports with potential dual military and civilian uses and provided information on aircraft financing by Ex-Im and other countries' export credit agencies, respectively ([GAO-14-719](#) and [GAO-14-642R](#)).

This testimony summarizes the findings and recommendations in those six recent reports, and provides updated information on the status of Ex-Im's actions taken to address GAO's recommendations. To update the status of its recommendations, GAO reviewed Ex-Im's modified and updated procedures and documentation and interviewed Ex-Im officials.

GAO is not making any new recommendations in this testimony.

View [GAO-15-557T](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or [gianopoulosk@gao.gov](mailto:gianopoulosk@gao.gov).

April 15, 2015

## EXPORT-IMPORT BANK

### Status of Actions to Address GAO Recommendations since the Bank's 2012 Reauthorization

## What GAO Found

In six reports on the U.S. Export-Import Bank (Ex-Im) issued since March 2013, GAO presented findings and made 16 recommendations to improve Ex-Im's operations, summarized in this testimony in three broad areas: (1) risk management, (2) underwriting and fraud prevention, and (3) forecasting its exposure and reporting on its estimates of its impact on U.S. jobs.

Six of GAO's recommendations focus on improving Ex-Im's management of risks related to its overall portfolio. For example, in March and May 2013, GAO recommended addressing weaknesses in Ex-Im's model for estimating losses, data retained to analyze default risks, reporting of portfolio stress testing, and analysis of staff resources. Ex-Im has implemented all 6 of these recommendations.

In September 2014, GAO found that Ex-Im had implemented many key aspects of its underwriting process but identified weaknesses in the design, implementation and documentation of some procedures. For example, GAO found that Ex-Im did not have mechanisms to verify compliance with certain loan guarantee eligibility procedures and had not documented its overall processes related to fraud. Ex-Im has implemented 4 of the 6 recommendations in this report. It has not fully implemented 2 recommendations concerning assessing collateral on certain transactions and verifying that applicants are not delinquent on federal debt. GAO's August 2014 report on Ex-Im's transactions involving exports with potential dual military and civilian uses also found documentation weaknesses and made one recommendation. GAO is reviewing the status of Ex-Im's actions in the context of GAO's ongoing dual use review.

Finally, in May 2013, GAO found weaknesses in how Ex-Im forecasts its aggregate outstanding amount of financing (exposure) and how it reports estimates of its impact on U.S. jobs. GAO recommended that Ex-Im (1) adjust its exposure forecast model to incorporate previous experience and (2) assess and report the model's sensitivity to key assumptions. GAO also recommended that Ex-Im improve reporting on the assumptions and limitations in its methodology and data for calculating the number of jobs it supports through its financing. Ex-Im has implemented GAO's 3 recommendations.