

GAO Highlights

Highlights of [GAO-19-337](#), a report to congressional committees

Why GAO Did This Study

As the export credit agency of the United States, EXIM's mission is to help support U.S. jobs by facilitating the export of U.S. goods and services through direct loans, loan guarantees, working capital guarantees, and credit insurance. In September 2018, the total outstanding and undisbursed amount of these products and unrecovered default claims was about \$60.5 billion, according to EXIM.

The Export-Import Bank Reform Reauthorization Act of 2015 included a provision for GAO to review EXIM's antifraud controls. This report (1) describes key antifraud controls EXIM says it has for mitigating fraud risks identified by GAO, and describes EXIM's efforts to perform a fraud risk assessment that considers these fraud risks; and (2) identifies EXIM's procedures to detect delinquent federal debt owed by applicants and participants, and assesses additional opportunities to use readily available data to do so. GAO analyzed 44 EXIM-associated court cases of fraud adjudicated from calendar years 2012 through 2017, examined EXIM transaction data, and interviewed EXIM and GSA officials. GAO also analyzed data identifying delinquent federal debt as well as EXIM's procedures for doing so.

What GAO Recommends

GAO is recommending that EXIM assess the practicality of using available SAM data and data-analytical approaches to detect applicants and participants with potential delinquent federal debt. EXIM concurred with GAO's recommendations.

View [GAO-19-337](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov.

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EXPORT-IMPORT BANK

EXIM Should Explore Using Available Data to Identify Applicants with Delinquent Federal Debt

What GAO Found

The Export-Import Bank of the United States (EXIM) reported having antifraud controls in place for mitigating the fraud risks that GAO identified and communicated to EXIM officials. GAO reviewed 44 EXIM-associated court cases involving fraud and identified fraud risks involving the four fraud risk factors illustrated in the figure below. GAO communicated these fraud risks to EXIM officials, and they provided examples of antifraud controls they use to help mitigate these fraud risks for their major financing products. In February 2019, EXIM also provided documentation reflecting its efforts to conduct a fraud risk assessment that considered various fraud risks affecting its major financing product lines, including fraud risks GAO identified during this review.

Four Fraud Risk Factors GAO Identified during Its Examination of 44 Court Cases Adjudicated from Calendar Years 2012 through 2017



Source: GAO analysis of Export-Import Bank of the United States (EXIM) information. | GAO-19-337

EXIM has procedures to identify applicants and participants with delinquent federal debt, such as obtaining applicants' credit reports that may indicate these debts when they apply to EXIM's financing programs. However, EXIM is missing additional opportunities to use readily available data containing delinquent federal debt indicators from the General Services Administration's (GSA) System for Award Management (SAM) to detect applicants and participants that may have delinquent federal debt. Federal law states that applicants who are delinquent on federal nontax debts may not receive federal direct loans, loan guarantees, or loan insurance until the delinquent debt is satisfactorily resolved. Using data from SAM, GAO found that, from calendar years 2014 through 2016, EXIM authorized transactions that had an aggregate authorization value of about \$1.7 billion and were associated with 32 U.S.-based companies that had a delinquent federal debt indicator in SAM in the same month EXIM authorized these transactions. While these results alone do not mean EXIM should have suspended these transactions, they do indicate that there is a practical opportunity to use SAM data to help determine applicants' eligibility. Without assessing the practicality of pursuing such readily available data, EXIM is potentially forgoing opportunities to perform additional due diligence that would help inform its decisions about applicants' and participants' program eligibility and fraud risks.