



Audit of EXIM's Enhanced Personnel Security Program



OIG-AR-24-02
May 23, 2024

Office of Inspector General
Export-Import Bank of the United States



MEMORANDUM

To: Courtney Chung
Senior Vice President and Chief Management Officer

Brad Belzak
Senior Vice President and Chief of Staff

From: Eric Rivera
Assistant Inspector General for Audits

Subject: Audit of EXIM's Enhanced Personnel Security Program

Date: May 23, 2024

Attached is the final report on the audit of the Export-Import Bank of the United States' (EXIM's) Enhanced Personnel Security Program. The objective of this audit was to determine whether EXIM's management and execution of the Enhanced Personnel Security Program complies with federal regulations and guidance.

OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the OIG's findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

This report contains six recommendations. OIG considers management's proposed actions to be responsive. The recommendations will be closed upon completion and verification of the proposed actions.

OIG appreciates the cooperation and courtesies provided during the audit. If you have questions, please contact me at (202) 565-3219 or eric.rivera@exim.gov or Jaquone Miller at (202) 565-3817 or jaquone.miller@exim.gov.



**Office of Inspector General
Export-Import Bank of the United States**

OIG-AR-24-02

What OIG Audited

The Office of Inspector General (OIG) audited the Export-Import Bank of the United States' (EXIM) Enhanced Personnel Security Program. The objective of this audit was to determine whether EXIM's management and execution of the Enhanced Personnel Security Program complies with federal regulations and guidance.

What OIG Recommends

OIG issued six recommendations to improve the effectiveness of EXIM's Enhanced Personnel Security Program. In its comments on the draft report, EXIM concurred with all six recommendations. EXIM's response to each recommendation, and OIG's reply, can be found in the recommendations section of this report. EXIM's formal response is reprinted in its entirety in Appendix C.

EXECUTIVE SUMMARY

**Audit of EXIM's Enhanced Personnel Security Program
May 23, 2024**

What OIG Found

OIG found that EXIM did not manage and execute the Enhanced Personnel Security Program in compliance with federal regulations and guidance. Due to EXIM's inability to determine the number of reinvestigations that still need to be conducted, OIG determined that EXIM is not in compliance with the Enhanced Personnel Security Program mandate and with the requirements set forth by the Office of the Director of National Intelligence (ODNI). Specifically, EXIM did not fully execute personnel reinvestigations and was unable to provide OIG with an accurate number of pending reinvestigations.

OIG also found that EXIM's security staff did not sufficiently communicate with human resources staff to obtain the position descriptions and position description tools needed for reinvestigations. Further, EXIM did not assign the staffing and resources necessary to conduct reinvestigations. In addition, EXIM's Security Services Office does not have adequate internal policies, standard operating procedures, and required training. Finally, EXIM does not have an internal database to house investigation and clearance documentation.

As a result of not following federal guidelines and ODNI directives, EXIM is at increased risk of keeping unsuitable employees in positions that could impact United States national security and information security within EXIM as well as granting access of information to personnel without the proper security clearance level.

OIG also identified \$302,043 in potential funds put to better use based on the analysis of the Security Services Office allocated budget and costs for fiscal years 2020-2023.

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OBJECTIVE

The Office of Inspector General (OIG) conducted this audit to determine whether the Export-Import Bank of the United States' (EXIM) management and execution of the Enhanced Personnel Security Program complies with federal regulations and guidance.

BACKGROUND

EXIM is an independent federal government, executive branch agency and the official export credit agency of the United States. EXIM's mission is to support American jobs by facilitating the export of American goods and services. By supporting U.S. businesses and providing financing tools, EXIM levels the playing field for U.S. goods and services going up against foreign competition in overseas markets, so that American companies never lose a sale due to attractive financing from foreign governments and in turn, create more and better-paying American jobs.

EXIM employs approximately 300 persons in various capacities, and as a federal employer, EXIM is subject to laws and regulations regarding suitability and eligibility for access to classified information. The Consolidated Appropriations Act of 2016,¹ mandates that the Office of the Director of National Intelligence (ODNI) direct each agency to implement a program that provides enhanced security reviews of individuals in covered positions.²

EXIM's Security Services Office is the delegated office in charge of facilitating the enhanced security review of all EXIM employees, interns, and contractors. The office initiates personnel security investigations necessary to make public trust determinations and/or eligibility for access to classified national security information. The Security Services Office also ensures that the applicants and employees are suitable for the positions they occupy and have the correct level of access to information in accordance with national security priorities. EXIM's Security Services Office is headed by the Director of Security Services who oversees two security specialists. During the period of October 1, 2019, until September 30, 2023, EXIM initiated approximately 150 personnel security investigations.

The Consolidated Appropriations Act of 2016³ also mandated that OIG conduct at least one audit to assess the effectiveness and fairness of the Enhanced Personnel Security program,

¹ Consolidated Appropriations Act of 2016 (Pub. L. No. 114-113) Subpart J, Ch. 110, Enhanced Personnel Security Programs, section 11001 (5 United States Code (U.S.C.) §11001)

² A covered position is a position in: (a) the competitive service; (b) the excepted service where the appointee can be noncompetitively converted to the competitive service; and (c) a career appointment to a position in the Senior Executive Service (SES). The Competitive Service consists of all civil service positions in the executive branch of the Federal Government with some exceptions. Individuals must go through a competitive process which is open to all applicants. The Excepted Service is a civil service appointment that does not confer competitive status. The Senior Executive Service consist of managers and leaders in key positions below the top Presidential appointees.

³ 5 U.S.C §11001 – Enhanced Personnel Security Programs.

starting two years after the agency's implementation of the program, and to submit the results of the audit to ODNI. The National Defense Authorization Act for Fiscal Year 2024,⁴ repealed the Enhanced Personnel Security Program audit requirement for OIGs. EXIM OIG initiated this audit prior to the repeal of the audit requirement; OIG continued the audit because OIG determined that the audit findings and recommendations contained in this report would promote the economy, efficiency, and effectiveness of EXIM's Enhanced Personnel Security Program.

EXIM's Personnel Security Process

When a new position within EXIM is authorized by the Chair, the hiring manager and Human Resources (HR) office develop a position description (PD) that establishes the responsibilities and duties of the position. HR then sends the PD to the Office of Personnel Management (OPM), which reviews the PD and provides classification recommendations related to the occupational series and grade level for the position.⁵ Upon OPM's approval of the PD, the PD is sent through the Position Description Tool (PDT). The PDT assesses the duties and responsibilities of a position to determine the degree of potential damage to the efficiency or integrity of an agency from misconduct of an applicant. It also evaluates if the position's duties and responsibilities present the potential for an employee to bring about a material adverse effect on national security and the degree of that potential effect. This assessment establishes both the risk and sensitivity levels of the position and determines what level of investigation should be conducted for a position. HR requires the PD and PDT before a position is advertised and a new hire is recruited.

The onboarding process commences when an applicant is selected for a position. The onboarding process includes the selectee filling out the Declaration for Federal Employment (OF-306). HR managers forward the PD, PDT, and OF-306 to the Security Services Office to start the security portion of the hiring process.

Role of the Security Services Office

Upon receipt of the applicant's forms, the Security Services Office conducts a check for reciprocity⁶ and sets up the electronic application (eAPP, formerly eQIP) to send to the potential employee to collect the information needed for the investigation. During this part of the process, the applicant fills and submits additional forms, including the submission of fingerprints. EXIM personnel security investigations are conducted by the Defense

⁴ National Defense Authorization Act for Fiscal Year 2024 (Pub. L. No. 118-31), section 7327(b).

⁵ OPM's position classification standards provide information used in determining the occupational series and title for positions performing white collar work in the Federal Government. The standards also provide grading criteria for positions classified under the General Schedule Classification System.

⁶ Reciprocity of background investigations and national security adjudications is the acknowledgement and acceptance of an existing background investigation conducted by an authorized investigative agency; the acceptance of a national security eligibility adjudication determined by an authorized adjudicative agency; and the acceptance of an active national security eligibility determination granted by another executive branch agency.

Counterintelligence and Security Agency (DCSA). A new employee may enter on duty after an initial clearance or suitability determination has been granted.

The process of hiring a new staff member has time and costs implications. The new hire process, from the moment an applicant is extended a tentative job offer to the moment they begin working, may vary depending on the type of appointment under which the new hire is onboarding. Additionally, the costs of background investigation services vary based on the investigative tier required by the position. At the time of this audit, a new tier one investigation costs EXIM approximately \$150 while a new tier five investigation costs approximately \$5,000. Appendix B of this report summarizes the tiered investigations for public trust and national security positions.

Once the Security Services Office receives a report of investigation from DCSA, the Security Services Office reviews the report of investigation and proceeds to adjudicate the case. Adjudication is the evaluation of duly authorized personnel vetting information that is relevant and reliable, to determine whether a person is: (1) suitable for government employment; (2) eligible for logical and/or physical access; (3) eligible for access to classified information; (4) eligible to hold a sensitive position; or (5) fit to perform work for, or on behalf of, the government as a contractor employee. Agencies are required to use the National Security Adjudicative Guidelines, published by ODNI, to make a final eligibility determination of whether a person should be granted access to classified information or be allowed to hold a sensitive position.

If the adjudication is favorable, the Security Services Office grants the final clearance. The final clearance depends on the requirements of the position being held. If the adjudication is not favorable, the Security Services Office reviews the case for mitigating factors and requests information concerning mitigating factors from the individual. The evaluation of the case and its mitigating factors enables the Security Services Office to approve, deny, or revoke a suitability determination or a security clearance.

The personnel security process also applies to existing EXIM employees. A reinvestigation is conducted based on the adjudication date of the last investigation. A reinvestigation can also occur as the result of an employee promotion or change of position that indicates a change in the description of the position. Thus, a change in the position description can lead to changes in the investigative requirements and clearance of that position. If an employee is promoted, or changes position within EXIM, HR facilitates the PD and PDT to the Security Services Office, who conducts a review to determine if the new position requires a higher clearance, and if necessary, a reinvestigation. DCSA also conducts reinvestigations of EXIM employees. At the time of this audit, a tier two reinvestigation costs EXIM approximately \$300; a tier five reinvestigation costs approximately \$2,500.

FINDING

EXIM Did Not Manage and Execute the Enhanced Personnel Security Program in Compliance with Federal Regulations and Guidance

OIG determined that EXIM did not manage and execute the Enhanced Personnel Security Program in compliance with federal regulations and guidance. OIG determined that EXIM is neither in compliance with the Enhanced Personnel Security Program mandate, nor with the requirements set forth by ODNI. Specifically, OIG found that EXIM did not conduct personnel security reinvestigations for employees who were subject to reinvestigation. Moreover, the agency was unable to provide OIG with an accurate number of pending reinvestigations.

Federal guidance on suitability and national security positions includes specific requirements applicable to sensitive positions. As described below, EXIM did not comply with federal regulation because of insufficient internal communication as well as inadequate policies, procedures, and training. These discrepancies increase the risk of EXIM keeping unsuitable employees in positions of public trust and national security—placing government resources, public safety, and sensitive or classified national security information at risk. Lastly these discrepancies result in both an increased risk of wasted funds and higher or lower than needed clearance level access issues.

Enhanced Personnel Security Program Requirements

The Consolidated Appropriations Act of 2016 mandates that ODNI direct each agency to implement a program that provides enhanced security review of individuals in covered positions. See 5 U.S.C §11001, Enhanced Personnel Security Programs. Section 11001 requires automated checks to ensure the continued eligibility of covered individuals to access classified information and hold a sensitive position.

EXIM's Security Services Office is tasked with ensuring that potential employees and current employees and contractors are suitable to be employed by EXIM, whether they occupy public trust positions⁷ or national security positions.⁸ The Security Services Office uses 5 C.F.R. Part 731, Suitability,⁹ to establish the criteria and procedures needed to make suitability determinations and for taking adverse suitability actions against a potential employee or current employee. The Security Services Office also uses 5 C.F.R. Part 732, National Security

⁷ A public trust position is one that has the potential for adverse effect on either the integrity or the efficiency of the agency's mission. These positions are deemed sensitive in nature and are designated by the level of risk or effect on the agency's mission.

⁸ A national security position requires access to classified information and are designated by the level of risk or potential damage to national security.

⁹ 5 C.F.R. Part 731, Suitability.

Positions,¹⁰ and 5 C.F.R. Part 1400, Designation of National Security Positions,¹¹ as additional guidance for positions of national security.

Among the requirements of 5 C.F.R. Part 731 and 5 C.F.R. Part 732 are periodic reinvestigation requirements. For example, Section 732.203 states that for National Security Positions: “The incumbent of each position designated Special-Sensitive or Critical-Sensitive under this part shall be subject to periodic reinvestigation of a scope prescribed by OPM 5 years after placement, and at least once each succeeding 5 years.” Section 1400.204 further requires for National Security Positions that: “Agency heads must assess each position covered by this part within the agency using the standards set forth in this regulation as well as guidance provided in OPM issuances to determine whether changes in position sensitivity designations are necessary within 24 months of July 6, 2015.”

EXIM Unable to Determine the Number of Pending Reinvestigations

OIG found that EXIM was unable to produce an accounting of pending employee reinvestigations. To determine EXIM’s compliance with federal regulations and guidance, OIG requested a list of all pending investigations and reinvestigations. EXIM personnel initially provided a list containing 68 records that included both employees and contractors. The list showed pending investigation and/or reinvestigation packages that were submitted to DCSA for investigation. In addition, OIG requested a list of all completed investigations/reinvestigations conducted from October 1, 2019, until September 30, 2023. This list contained 150 records that included the position sensitivity description, and the type of investigative requirement for each position.

After cross referencing the lists, OIG found that the pending investigations list contained several records that were also in the completed investigations list. The Director of Security Services told OIG that the duplication of records in the completed investigations list and the pending investigations list was due to a missing column containing the security clearance adjudication date. EXIM personnel stated that the completed investigations list contained the date of adjudication of suitability and not the final security clearance adjudication date. In addition, EXIM personnel told OIG that they were in the process of updating the list.

OIG further reviewed the pending investigations list and found that several records had not been assigned an investigative tier. EXIM personnel indicated that a PD is needed to obtain the investigative tier which determines the type of investigation that must be conducted. As outlined in 5 C.F.R. Part 1400.204, a reassessment of national security positions had to be carried out within 24 months of July 6, 2015, to determine any changes in position sensitivity designations. However, EXIM did not complete this reassessment. EXIM’s incomplete reassessment of position sensitivity designations affect position descriptions and therefore, may affect reinvestigation requirements. This could result in granting information access to

¹⁰ 5 C.F.R. Part 732, National Security Positions.

¹¹ 5 C.F.R. Part 1400, Designation of National Security Positions.

personnel without the proper security clearance level. The Assistant Director of Human Resources told OIG that according to OPM regulations, EXIM is required to perform an evaluation of all positions to update the PDs of all employees every five years. This update requires obtaining new PDs and PDTs for all positions within EXIM, which can result in changes in the investigative requirements of several positions. The Director of Security Services stated that the lack of investigative tiers on several records of the pending list was due to the missing PDs and PDTs. However, as mentioned above, the records in the pending list, have already been submitted to DCSA for investigation.

EXIM employees told OIG that a lack of resources for the Security Services Office and other priorities caused EXIM to postpone the PD reassessment required under 5 C.F.R. Part 1400.204. Personnel within the Human Resources Office stated that the work to reassess the PDs has been ongoing since 2020. The Director of Security Services stated that the PDs and PDTs are necessary to evaluate if there are changes to the clearance levels, where an employee may require a higher clearance that would require an investigation. The Director also stated that they worked directly with Human Resources to update the PDs approximately two years ago. However, Security Services and Human Resources had not communicated since then. EXIM personnel also stated that the large number of PDs that still need to be redesignated would likely cause the pending reinvestigations list to grow significantly. When asked if EXIM kept a list of all personnel whose PD still needs to be redesignated, EXIM personnel indicated that they do not have a list, nor do they keep track of the redesignation of PDs. However, EXIM personnel told OIG they planned to update the PDs on an office-by-office basis.

OIG found that data provided by EXIM does not fully represent the status and number of pending reinvestigations and completed investigations (adjudicated). Due to EXIM's inability to determine the number of reinvestigations that still need to be conducted, OIG determined that EXIM is neither in compliance with the Enhanced Personnel Security Program mandate nor with the requirements set forth by ODNI.

Trusted Workforce and Continuous Evaluation

The scope of the audit overlapped with the initial stages of EXIM's implementation of the Trusted Workforce framework. The Trusted Workforce 2.0 is the whole of government approach to reform the personnel security process and establish a single vetting system for the U.S. Government. As part of the Trusted Workforce framework, the Continuous Evaluation program, managed by the National Counterintelligence and Security Center within ODNI, is a personnel security investigative process component for the modernization of personnel security practices and the increase of the timeliness of information reviewed between periodic investigation cycles.

ODNI issued the Security Executive Agent Directive 6¹² guidance for the implementation and management of the Continuous Evaluation program. The implementation of this program

¹² Security Executive Agent Directive 6, Continuous Evaluation (January 18, 2018).

started in 2018; however, EXIM personnel told OIG that the agency is currently in the process of switching to Continuous Evaluation by enrolling all national security positions into the program.

OIG found that the transition into the Continuous Evaluation program may be impacted by the agency's inability to determine the number of PDs that need to be redesignated. Accordingly, OIG cannot reliably estimate the extent of this impact.

Lack of Adequate Policies, Procedures, and Training

The deficiencies in EXIM's management of the Enhanced Personnel Security Program, described above, occurred for a variety of reasons:

- **EXIM's security staff did not sufficiently communicate with HR staff to obtain the PDs and PDTs needed for reinvestigations.** As previously described, EXIM personnel were unable to provide an estimate regarding the number of positions that still need to be redesignated.
- **EXIM did not assign the resources necessary to conduct reinvestigations.** EXIM personnel told OIG that the major constraint to conduct reinvestigations, is the cost associated with each investigative tier. Mainly EXIM's current continued resolution has contributed to the resource constraints.
- **EXIM's Security Services Office did not have adequate internal policies and standard operating procedures.** EXIM personnel had not prioritized the development of policies and procedures that reflect the recent changes to the Enhanced Personnel Security Program. In addition, EXIM personnel did not have performance measures in place to evaluate the efficiency and effectiveness of the program. Finally, the Security Services Office did not properly inform staff of the existing bank's policy.
- **EXIM's Security Services Office did not have adequate, required training for program personnel.** The only required training for security specialists is a course on adjudication.
- **EXIM does not have an internal database to house investigation and clearance documentation.** According to EXIM employees interviewed by OIG an internal database is necessary to improve record keeping of personnel security records.

Ultimately, EXIM did not make the Enhanced Personnel Security Program compliance with regulations a priority when allocating resources.

Noncompliance with Program Requirements Created Security Risks and Resulted in Funds that Could Be Put to Better Use

As part of this audit, OIG identified \$302,043 in potential funds put to better use based on the analysis of the Security Services Office allocated budget and costs for fiscal years (FYs) 2020, 2021, 2022, and 2023. As shown in Table 1, below, EXIM obligated \$530,000 for background investigation services provided by DCSA in FYs 2020-2023. However, only \$227,957 of this total was expended for investigative services. EXIM did not fully utilize the funding it had allocated for investigative services, in part, because the agency was unable to produce an accounting of required investigations and reinvestigations. The analysis centered solely on the amounts

allocated and expended for background investigation services. OIG notes that the agency’s inability to produce reliable records on required investigations prevents OIG from fully determining the extent of the potential waste of funds.

Table 1: Funds Put to Better Use Identified During this Audit.

FISCAL YEAR	DESCRIPTION	FUNDS OBLIGATED	FUNDS EXPENDED	FUNDS PUT TO BETTER USE
2020	Background Investigation Services	\$ 160,000	\$ 81,461	\$ 78,539
2021	Background Investigation Services	\$ 160,000	\$ 146,496	\$ 13,504
2022	Background Investigation Services	\$ 50,000	\$ 0	\$ 50,000
2023	Background Investigation Services	\$ 160,000	\$ 0	\$ 160,000
TOTALS		\$ 530,000	\$ 227,957	\$ 302,043

Source: Generated by OIG from data provided by EXIM, March 2024.

Recommendations

To improve the effectiveness of EXIM’s Enhanced Personnel Security Program, OIG recommends that:

Recommendation 1: The Security Services Office determines the number of pending investigations, including pending investigations awaiting a PD update and PDT.

Recommendation 2: The Security Services Office communicates and coordinates with the Human Resources Office to obtain the PDs and PDTs needed for reinvestigations.

Recommendation 3: The Office of the Chief Management Officer and Security Services Office assign the staffing and resources necessary to conduct pending reinvestigations.

Recommendation 4: The Security Services Office develops and implements adequate internal policies and standard operating procedures.

Recommendation 5: The Security Services Office develops and implements a required training framework for its Security Specialists and program personnel.

Recommendation 6: The Security Services Office implements an internal database to house investigation and clearance documentation.

RECOMMENDATIONS

OIG provided a draft of this report to EXIM stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to EXIM. The agency's complete response can be found in Appendix C.

Recommendation 1: The Security Services Office determines the number of pending investigations, including pending investigations awaiting a PD update and PDT.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Security Services Office determined the number of pending investigations, including pending investigations awaiting a PD update and PDT.

Recommendation 2: The Security Services Office communicates and coordinates with the Human Resources Office to obtain the PDs and PDTs needed for reinvestigations.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Security Services Office communicated and coordinated with the Human Resources Office to obtain the PDs and PDTs needed for reinvestigations.

Recommendation 3: The Office of the Chief Management Officer and Security Services Office assign the staffing and resources necessary to conduct pending reinvestigations.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Office of the Chief Management Officer and Security Services Office assigned the staffing and resources necessary to conduct pending reinvestigations.

Recommendation 4: The Security Services Office develops and implements adequate internal policies and standard operating procedures.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Security Services Office developed and implemented adequate internal policies and standard operating procedures.

Recommendation 5: The Security Services Office develops and implements a required training framework for its Security Specialists and program personnel.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Security Services Office developed and implemented a required training framework for its Security Specialists and program personnel.

Recommendation 6: The Security Services Office implements an internal database to house investigation and clearance documentation.

Management Response: In its May 14, 2024, response, EXIM concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that EXIM's Security Services Office implemented an internal database to house investigation and clearance documentation.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that OIG plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the finding and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives. OIG conducted this audit from October 2023 to April 2024.

Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

Objective and Scope

OIG conducted this audit to determine whether the Export-Import Bank of the United States' (EXIM) management and execution of the Enhanced Personnel Security Program complied with federal regulations and guidance.

The audit included a review of suitability determinations and clearances completed and issued from October 1, 2019, to September 30, 2023, to assess compliance with requirements and any supplemental guidance. OIG conducted the audit fieldwork at EXIM Headquarters and other locations as deemed necessary.

Methodology

To determine whether EXIM management and execution of the Enhanced Personnel Security Program complied with federal regulations and guidance, the OIG reviewed applicable federal laws, regulations, the Office of the Director of National Intelligence (ODNI) guidance and agency policy and procedures. Additionally, OIG reviewed applicable program documentation and related external reports.

OIG conducted portions of this audit remotely and relied on audio- and video-conferencing tools in addition to in-person interviews with EXIM personnel. OIG reviewed pertinent records and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

To accomplish the audit objective, OIG:

- Conducted interviews with EXIM staff including (but not limited to): Security Office and Office of Human Capital personnel.
- Reviewed relevant federal laws, regulations, standards, guidance, and practices including but not limited to:

- Consolidated Appropriations Act of 2016 (Pub. L. No. 114-113)
 - 5 C.F.R Part 731 Suitability
 - 5 C.F.R Part 732 National Security Positions
 - 5 C.F.R Part 1400 Designation of National Security Positions
 - ODNI Security Executive Agent Directive 6 Continuous Evaluation
 - ODNI Federal Personnel Vetting Guidelines
 - EXIM’s Personnel Security and Safeguarding Classified Information Policy (RM-2013-01)
 - EXIM’s Enhanced Personnel Security Program’s activities and procedures for adherence to prescribed internal/external criteria.
- Reviewed prior EXIM OIG reports and assessments relevant to the objective.
 - Reviewed prior reports and assessments from other federal agencies related to the Enhanced Personnel Security Program.
 - Reviewed documentation including investigation/reinvestigation lists and budgeting.
 - Reviewed and documented internal controls associated with EXIM’s Enhanced Personnel Security Program’s activities and procedures; and determined if they are operative and effective.

In planning and performing the audit, the audit team obtained an understanding of internal controls to the extent necessary to satisfy the audit objective. The team assessed the internal control components and identified the following internal control components¹³ and underlying principles significant to the audit objective:

Internal Control Components	
Components	Underlying Principles
Control Environment	Organizational structure has clearly defined roles and responsibilities.

¹³ The federal internal control standards are organized into five components (control environment, risk assessment, control activities, information and communication, and monitoring) and seventeen related principles (requirements). See *Standards for Internal Control in the Federal Government*, GAO-14-740G (September 2014).

Risk Assessment	Management has conducted internal and external risk assessments. Can include studies or follow ups on implementation recommendations.
Control Activities	Relevant information systems have business rules in place to ensure the transactions are properly authorized, processed accurately, and that the data is valid and complete.
Information & Communication	Relevant, reliable, and timely exchange of information between program office personnel,
Monitoring	Effective monitoring internal control occurs during the normal course of business. Includes periodic data reviews/reconciliations/data comparison.

In accordance with the *Generally Accepted Government Auditing Standards*, auditors should assess the sufficiency and appropriateness of information. GAO-20-283g *Assessing Data Reliability*¹⁴ applies to the assessment of computer-processed information for reliability in terms of completeness, accuracy, and applicability for audit purpose, as a key element in the consideration of internal controls including information system controls.

To assess the reliability of the data needed to answer the audit objectives, OIG (1) performed direct observation of data stored in information systems (2) reviewed and compared related documentation, and (3) interviewed agency officials knowledgeable about the data. The results of this assessment showed that there are incomplete and inaccurate data sections. Therefore, OIG determined that the data was not sufficiently reliable for this report.

¹⁴ GAO-20-283g *Assessing Data Reliability* (2019).

APPENDIX B: TIERED INVESTIGATIONS

TIERED INVESTIGATIONS							
Type	Public Trust			National Security			
Reason	Suitability			Access to Classified Information			
Position Risk	Low	Moderate	High	Confidential	Secret	Top Secret	SCI
Position Sensitivity	Non-Sensitive			Non-Critical Sensitive		Critical Sensitive	Special Sensitive
Tier Investigation	Tier 1	Tier 2	Tier 4	Tier 3	Tier 3	Tier 5	Tier 5

Source: DCSA – Implementation of Federal Investigative Standards Tiered Investigations¹⁵, April 2024.

¹⁵ Implementation of Federal Investigative Standards Tiered Investigations.

APPENDIX C: MANAGEMENT RESPONSE



Helping American Businesses Win the Future

DATE: May 14, 2024

TO: The Honorable Parisa Salehi, Inspector General, Office of Inspector General

THROUGH: Ravi Singh, Acting Senior Vice President & Chief Financial Officer **RAVI SINGH** Digitally signed by RAVI SINGH
Date: 2024.05.14 15:22:01
-0400

FROM: Courtney Chung, Senior Vice President and Chief Management Officer **COURTNEY CHUNG** Digitally signed by COURTNEY CHUNG
Date: 2024.05.14
15:14:55 -0400

SUBJECT: EXIM Management Response to the draft Report
Audit of EXIM's Enhanced Personnel Security program (OIG-AR-24-02) Dated May 1, 2024

Dear Ms. Salehi,

Thank you for providing the Export-Import Bank of the United States ("EXIM" or "EXIM Bank") management with the Office of Inspector General's ("OIG") *Audit of EXIM's Enhanced Personnel Security program (OIG-AR-24-02) Dated May 1, 2024* (the "Report"). EXIM's leadership and management continue to fully support the OIG's work, which we believe complements and enhances EXIM's efforts to continually improve its processes. EXIM Bank is proud of the strong and cooperative relationship it has with the OIG.

EXIM Bank appreciates the OIG's Audit of EXIM's Enhanced Personnel Security program. We value the OIG's continued efforts to assess our security measures and provide valuable feedback. This audit serves as a probate to our commitment to maintaining the highest standards of personnel security, and we are appreciative of the OIG's contributions to enhancing our practices in this crucial area.

Regarding the recommendations put forth in this report, EXIM's responses are as follows:

Recommendation 1: The Security Services Office determines the number of pending investigations, including pending investigations awaiting a PD update and PDT.

Management response: EXIM concurs with this recommendation. The Security Services Office will determine the number of pending investigations, including pending investigations awaiting a PD update and PDT.

Recommendation 2: The Security Services Office communicates and coordinates with the Human Capital Office to obtain the PDs and PDTs needed for reinvestigations.

Management response: EXIM concurs with this recommendation. The Security Services Office will communicate and coordinate with the Human Capital Office to obtain the PDs and PDTs needed for reinvestigations.

Recommendation 3: The Office of the Chief Management Officer and Security Services Office assign the staffing and resources necessary to conduct pending reinvestigations.

Management response: EXIM concurs with this recommendation. The Office of the Chief Management Officer and Security Services Office will assign the staffing and resources necessary to conduct pending reinvestigations.

Recommendation 4: The Security Services Office develops and implements adequate internal policies and standard operating procedures.

Management response: EXIM concurs with this recommendation. The Security Services Office will develop and implement adequate internal policies and standard operating procedures.

Recommendation 5: The Security Services Office develops and implements a required training framework for its Security Specialists and program personnel.

Management response: EXIM concurs with this recommendation. The Security Services Office will develop and implement a required training framework for its Security Specialists and program personnel.

Recommendation 6: The Security Services Office implements an internal database to house investigation and clearance documentation.

Management response: EXIM concurs with this recommendation. The Security Services Office will implement an internal database to store investigation and clearance documentation.

CC:

The Honorable Reta Jo Lewis, President and Chair of the Board of Directors
Brad Belzak, Senior Vice President and Chief of Staff
Sergio Fontanez, Senior Advisor for National Security
Benjamin Widness, Senior Vice President of Congressional and Intergovernmental Affairs
Hazeen Ashby, Deputy Chief of Staff and White House Liaison
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Michelle Arias, Chief Human Capital Officer
Tomeka Wray, Deputy Chief Management Officer
Selma Hamilton, Director of Security Services
Michaela Smith, Director of Audit and Internal Controls Programs

ABBREVIATIONS

C.F.R.	Code of Federal Regulations
EXIM	Export-Import Bank of the United States
DCSA	Defense Counterintelligence and Security Agency
HR	Human Resources
ODNI	Office of the Director of National Intelligence
OIG	Office of Inspector General
OPM	Office of Personnel Management
PD	Position Description
PDT	Position Description Tool
U.S.C.	United States Code

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For additional resources and information about whistleblower protections and unlawful retaliation, please visit [the whistleblower's resource page](#) at [oversight.gov](#).