

Board of Governors of the Federal Reserve System

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# The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central



**Office of Inspector General**

Board of Governors of the Federal Reserve System  
Consumer Financial Protection Bureau



Executive Summary, 2023-SR-B-009, June 14, 2023

## The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central

### Findings

While conducting supervision and examination activities, examiners obtain and prepare documents that contain confidential supervisory information and sensitive personally identifiable information (PII). We found that examiners at the three Federal Reserve Banks in our scope do not use Supervision Central's temporary files category in a consistent manner. The category helps to purge documents that are not required to be retained as part of the examination record. We also noted a lack of awareness about the purpose and usefulness of the temporary files category among several Reserve Bank examiners from two of the three Reserve Banks. Developing and communicating guidance for using the temporary files category will help to clarify expectations for examiners and mitigate the reputational risks associated with retaining such information unnecessarily.

Additionally, we found that Reserve Bank examiners responsible for supervising community banking organizations (CBOs) and regional banking organizations (RBOs) can access all supervisory events within their district in Supervision Central. We learned that the Board of Governors of the Federal Reserve System chose to provide CBO and RBO examiners with this access to encourage the sharing of information among examination teams, to reduce the burden of duplicative document requests for banking organizations, and to facilitate opportunities for training. However, such access may result in some examiners having access to sensitive PII without a need to know. We believe that in addition to making widespread use of Supervision Central's controls to facilitate purging sensitive PII, the Board should implement other measures to limit access to sensitive PII in Supervision Central to those with a need to know. Such measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII to only those who require it to perform their job duties.

### Recommendations

Our report contains recommendations designed to enhance the effectiveness of the Board's processes and practices for protecting confidential information in Supervision Central. In its response, the Board concurs with our recommendations and outlines actions that will be taken to address each recommendation. We will follow up to ensure that the recommendations are fully addressed.

### Purpose

We conducted this evaluation to assess the Board's and the Reserve Banks' controls over access and practices for disposing of confidential supervisory information and sensitive PII in select applications used for supervising CBOs and RBOs.

### Background

Under delegated authority from the Board, the Reserve Banks supervise the banking organizations located within their respective district. During their supervisory activities, Reserve Bank examiners obtain nonpublic information from those organizations. Some of these documents contain sensitive customer information or PII that has the potential to cause harm to an individual or the Board's mission or operations if it is lost or misused. In June 2021, the Federal Reserve System adopted Supervision Central, a cloud-based application that supports collaboration and information sharing among several stakeholders, including Reserve Bank supervision staff, banking organization staff, and other regulatory agencies. Reserve Bank supervision staff document their supervisory activities for CBOs and RBOs in Supervision Central.



Recommendations, 2023-SR-B-009, June 14, 2023

## The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central

### Finding 1: Examiners Do Not Use Supervision Central’s Temporary Files Category in a Consistent Manner

Number	Recommendation	Responsible office
1	Develop and issue guidance that communicates the purpose of the Supervision Central temporary files category as well as when and how to use the category.	Division of Supervision and Regulation

### Finding 2: CBO and RBO Reserve Bank Examiners Can Access All Supervisory Events Within Their District in Supervision Central

Number	Recommendation	Responsible office
2	Implement measures to limit access to documents in Supervision Central to those with a need to know. Potential measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII.	Division of Supervision and Regulation



**Office of Inspector General**

Board of Governors of the Federal Reserve System  
Consumer Financial Protection Bureau

**MEMORANDUM**

**DATE:** June 14, 2023

**TO:** Michael S. Gibson  
Director, Division of Supervision and Regulation  
Board of Governors of the Federal Reserve System

**FROM:** Michael VanHuysen   
Associate Inspector General for Audits and Evaluations

**SUBJECT:** OIG Report 2023-SR-B-009: *The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central*

We have completed our report on the subject evaluation. We conducted this evaluation to assess the Board of Governors of the Federal Reserve System’s and the Federal Reserve Banks’ controls over access and practices for disposing of confidential supervisory information and sensitive personally identifiable information in select applications used for supervising community banking organizations and regional banking organizations.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendations and outline actions that will be taken to address our recommendations. We have included your response as appendix B to our report.

We appreciate the cooperation that we received from the Board and the Reserve Banks during our evaluation. Please contact me if you would like to discuss this report or any related issues.

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# Introduction

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## Objective

Our objective for this evaluation was to assess the Board of Governors of the Federal Reserve System’s and the Federal Reserve Banks’ access controls and practices for disposing of confidential supervisory information (CSI) and sensitive personally identifiable information (PII) in select applications used for supervising community banking organizations (CBOs) and regional banking organizations (RBOs).

To achieve our objective, we spoke with officials and staff from the Board and the Federal Reserve Banks of Chicago, Kansas City, and St. Louis. We selected these Reserve Banks because they conducted the most CBO and RBO commercial bank examinations from June 2021 through June 2022. We also reviewed relevant policies, procedures, and documentation from the Board and the three selected Reserve Banks, and we assessed the controls and practices for disposing of CSI and sensitive PII in select applications used for supervising CBOs and RBOs. Additional details on our scope and methodology are in appendix A.

## Background

The Board plays a significant role in supervising and regulating financial institutions. The Board seeks to ensure that the financial institutions under its supervisory authority have safe and sound business practices and comply with all applicable laws and regulations. Within the Federal Reserve System, which encompasses the Board and the Reserve Banks, the Board delegates to each Reserve Bank the authority to supervise and examine the banking organizations located within the Reserve Bank’s district.

The Board’s Division of Supervision and Regulation (S&R) oversees the Reserve Banks in executing these responsibilities and issues supervisory policies and guidance to assist the Reserve Banks in operating consistent with the Board’s expectations. S&R groups its oversight activities into supervisory portfolios that are generally based on the total asset size of the institution.

- The CBO portfolio includes institutions with less than \$10 billion in total consolidated assets.
- The RBO portfolio includes institutions with \$10 billion to \$100 billion in total consolidated assets.

## ***Supervisory Staff’s Use of CSI and PII to Perform Their Oversight Responsibilities***

Statutory examination authority permits Reserve Bank examiners to review all books and records maintained by banking organizations subject to the Board’s supervision.<sup>1</sup> During their supervisory activities, examiners typically request and obtain nonpublic information from banking organizations. Per title 12, part 261.2, of the *Code of Federal Regulations*, “Rules Regarding the Availability of Information,”

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<sup>1</sup> Section 11 of the Federal Reserve Act authorizes the Board to examine the accounts, books, and affairs of each member bank. Section 5 of the Bank Holding Company Act of 1956 authorizes the Board to examine each bank holding company and nonbank subsidiary thereof. Section 7 of the International Banking Act of 1978 authorizes the Board to examine each branch or agency of a foreign bank.

CSI is nonpublic information that is exempt from disclosure pursuant to title 5, section 552(b)(8), of the *United States Code* and contains information created or obtained by examiners in furtherance of the Board's supervisory, investigatory, or enforcement activities, including activities conducted by Reserve Banks under Board-delegated authority.

Some documents that examiners obtain and create contain PII. The Board classifies PII as either *sensitive* or *nonsensitive*. According to Board policy, *nonsensitive PII* is information that is unlikely to expose an individual to identity theft. Examples of nonsensitive PII include an individual's name, home address, and telephone number. The Board defines *sensitive PII* as information that has the potential to cause harm to an individual or to the Board's mission or operations if it is lost or misused. Examples of sensitive PII include Social Security numbers in combination with other information connected to an individual's name, such as bank account numbers and tax identification numbers. Per Board policy, only authorized staff who have a need to know may access sensitive PII for official business purposes. While conducting supervision and examination activities, examiners obtain and prepare documents that contain CSI and sensitive PII. For example, as part of the asset quality portion of a commercial bank examination, examiners obtain documents that contain sensitive PII, such as the tax returns and customer loan files. Additionally, examiners may also obtain documents that contain other sensitive PII included in suspicious activity reports and currency transaction reports while conducting Bank Secrecy Act and Anti-Money Laundering reviews. Examples of CSI include examination reports, supervisory correspondence, and other supervisory communications. To safeguard the sensitive information obtained during the supervisory process from accidental disclosure or access by unauthorized parties, the Board and the Reserve Banks must have effective information security controls.

## ***The Board's Process for Granting Staff Access to CSI***

Board and Reserve Bank staff who require access to CSI as part of their job duties must first undergo a background investigation.<sup>2</sup> Additionally, Board and Reserve Bank staff with a need to access CSI must sign a terms of use (TOU) agreement prior to gaining access to the S&R applications that contain CSI. The TOU agreement details the Board's expectations for staff when handling, disseminating, and safeguarding CSI while employed within the System and following their separation. Additionally, the TOU agreement discusses actions the Board may take if a violation of the agreement occurs. We selected 30 CBO or RBO examiners from the three Reserve Banks in our scope to determine whether they had completed a TOU agreement. Based on our review, all 30 examiners had signed a TOU agreement.

## ***Applications Used by CBO and RBO Examiners***

Board and Reserve Bank staff use several applications when conducting their supervision and examination activities. Staff use such applications to document their examination work and results, including supporting documentation collected and created during the supervisory process. For the purposes of this evaluation, we focused on two applications that support supervision activities for the CBO and RBO portfolios: Supervision Central and INSite.

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<sup>2</sup> Board and Reserve Bank staff who are granted access to CSI are also granted access to sensitive PII. We did not evaluate the Board's process for granting staff not involved in banking organization supervision with access to CSI or sensitive PII. Board policy requires that staff only access sensitive PII when they have a need to know for official business purposes.



Supervision Central is a cloud-based application that the System adopted in June 2021. It supports collaboration and information sharing among several stakeholders, including Reserve Bank supervision staff, banking organization staff, and other regulatory agencies. Reserve Bank supervision staff are also expected to document their supervisory activities in Supervision Central. Supervision Central has a temporary files category, which facilitates the deletion of documents that do not need to be retained as part of the examination record.

INSite is a software application and platform used by staff throughout the System to support CBO and RBO examinations. INSite contains several modules that S&R developed to assist examiners with conducting supervisory activities. INSite enables users to navigate different systems through a single interface. The application does not house sensitive PII. We did not identify any recommendations regarding INSite controls for protecting confidential information.

## ***Reserve Bank Approach to Validating Staff Access to Supervision Central and INSite***

The Board and the Reserve Banks use Active Directory (AD) groups to grant staff access privileges to network applications. The Board and the Reserve Banks place staff in specific AD groups based on their job function, which provides them access to the applications they need to perform their duties.

For the Supervision Central application, Reserve Bank supervision staff conduct user group validation reviews annually. Because Supervision Central was launched in June 2021, the 2022 user group validation reviews at the three selected Reserve Banks were conducted in the fourth quarter of 2022. We verified that the required reviews had been completed.

For the INSite application, Reserve Bank supervision staff conduct AD group validation reviews annually to assess whether examiners in each associated AD group still require access to the application. We assessed the 2021 AD group validation results for the INSite application for the three selected Reserve Banks. Our analysis covered all INSite AD group users across these three Reserve Banks. We identified two instances at one Reserve Bank where staff who were selected to be removed from a specific AD group retained their access. We learned through additional analysis that these two instances involved supervision staff whose access to the application was still warranted.



# Finding 1: Examiners Do Not Use Supervision Central’s Temporary Files Category in a Consistent Manner

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Examiners at the three Reserve Banks in our scope do not use the temporary files category in Supervision Central in a consistent manner; this category helps to purge documents that are not required to be retained as part of the examination record. Further, we noted a lack of awareness of the purpose and usefulness of the temporary files category among several Reserve Bank examiners we interviewed from two of the three selected Reserve Banks. According to Board guidance, loan file documents that are not used during an examination may be deleted unless they are used for another supervisory business purpose. We attribute examiners’ inconsistent use of the temporary files category to the limited guidance on its use. While Supervision Central has a help article that describes the temporary files category, we believe that examiners would benefit from further guidance describing the purpose of and expectations for using the temporary files category. Inconsistent use of the temporary files category appears to have resulted in sensitive PII being retained that could expose the Board and the Reserve Banks to reputational risk in the event of a potential data breach. Developing and communicating guidance for using the temporary files category will help to clarify expectations for examiners and mitigate the reputational risks associated with retaining such information unnecessarily.

## S&R Can Clarify Expectations for the Use of the Temporary Files Category

According to a Supervision Central help article, examiners can use Supervision Central’s temporary files category in two ways: Examiners can direct banking organization staff to load files directly to this temporary file category as part of their response to examination information requests, and examiners can assign a temporary files designation to documents that are submitted by a banking organization. Contents of the temporary files category and documents that have the temporary files designation are automatically deleted 75 days after the examination report mail date.

We assessed whether examiners in the three selected Reserve Banks used the temporary files category in Supervision Central and found inconsistent use of this category for active commercial bank examinations initiated from March 2022 through October 2022.<sup>3</sup> Of the three Reserve Banks, Reserve Bank A used the category on 18 of 18 active commercial bank examinations (100 percent), Reserve Bank B used the category on 9 of 24 active commercial bank examinations (38 percent), and Reserve Bank C used the category on 4 of 22 active commercial bank examinations (18 percent).<sup>4</sup> As we describe in more detail in finding 2, we also assessed whether sensitive PII was stored in Supervision Central for two examinations

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<sup>3</sup> We conducted our analysis by assessing commercial examinations that had been started on or after March 1, 2022, and were in active status as of October 30, 2022.

<sup>4</sup> We acknowledge that examiners from Reserve Banks B and C may have used the temporary files category in Supervision Central examinations following our analysis.

conducted by each of the three Reserve Banks we selected. We found evidence of sensitive PII in the records for all six examinations.

We also assessed whether the selected Reserve Banks had documented guidance about using the temporary files category, and we identified inconsistencies in the guidance across the Reserve Banks. Specifically, Reserve Bank A's Examination Workpapers Procedures states that loan files are to be loaded to the temporary files category. Reserve Bank B did not have specific guidance but provided us with the Supervision Central help article. Reserve Bank C's Supervision Central guidelines document does not mention the temporary files category. Lastly, we noted a lack of awareness of the temporary files category among several Reserve Bank examiners we interviewed.

According to Board internal guidance, loan file documents that are not used during an examination may be deleted unless they are used for another supervisory business purpose. Automatic deletion of the contents of the temporary files category 75 days after the examination report mail date supports the Board's guidance for disposing of documents that are not required to be retained as part of the examination record. Inconsistent use of the category among the selected Reserve Banks will result in the unnecessary retention of sensitive PII that could expose the Board and Reserve Banks to reputational risk in the event of a potential data breach.

We attribute this issue to the fact that S&R has not developed guidance describing the expectations for using this feature in Supervision Central. We acknowledge that there is a help article that describes the temporary files category; however, developing and communicating guidance for using the temporary files category will help to clarify expectations for examiners and mitigate the reputational risks associated with retaining such information unnecessarily.

## Recommendation

We recommend that the director of S&R

1. Develop and issue guidance that communicates the purpose of the Supervision Central temporary files category as well as when and how to use the category.

## Management Response

In its response to our draft report, the Board concurs with our recommendation. The Board plans to provide procedures to the Reserve Banks through the Regional and Community Bank Portfolio Management Groups to ensure that Reserve Bank examiners use the temporary files category more consistently and purge documents that contain sensitive PII that do not need to be retained. The Board also notes that it will refer staff to the Supervision Central help article that covers training related to the temporary files category. The Board also states that it will refer staff to the Rapid Response training that describes the use and purpose of the temporary files category as well as the postexamination expectations, including the automatic deletion feature referenced in its internal guidance. Lastly, the Board plans to establish a process to confirm that the Reserve Banks use the temporary files category consistently. The Board expects that these changes will be implemented by September 30, 2023.

## OIG Comment

The planned actions described by the Board appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



## Finding 2: CBO and RBO Reserve Bank Examiners Can Access All Supervisory Events Within Their District in Supervision Central

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Reserve Bank examiners responsible for CBO and RBO supervision have read-only access in Supervision Central to all examination files within their respective district. According to the Board's document handling policy, access to PII should be based on an individual's need to know for official business purposes. Interviewees indicated that the Board chose to provide open access to Supervision Central for such examiners within their respective district to encourage the sharing of information among examination teams, to reduce the burden of duplicative document requests for banking organizations, and to facilitate opportunities for training. However, such access may result in some examiners having access to sensitive PII without a need to know. We believe that in addition to making widespread use of Supervision Central's controls to facilitate purging sensitive PII that is not required to be retained, the Board should implement other measures to ensure that access to sensitive PII in Supervision Central is limited to those with a need to know. Such measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII to only those who require it to perform their job duties.

### S&R Should Implement Other Measures to Limit Access to Sensitive PII in Supervision Central

Reserve Bank examiners and other supervision staff who are responsible for CBO and RBO supervision have read-only access in Supervision Central to all CBO and RBO examinations within their district. According to interviewees, this approach facilitates the sharing of information among examination teams, reduces the frequency of documentation requests from banking organizations, and facilitates training opportunities. One interviewee also noted that allowing examiners to access all examinations within their respective district reduces the need for examiners to request that banking organizations provide the same documents for multiple examinations.

We reviewed six CBO and RBO commercial bank examinations in Supervision Central from the three Reserve Banks in our scope. We found that the records for all six of the examinations contained sensitive PII, such as Social Security numbers, dates of birth, addresses, driver's license numbers, and bank account numbers. The examinations that we reviewed were in the postexamination phase, indicating that the files containing sensitive PII had not been tagged as belonging in the temporary files category.<sup>5</sup> While we acknowledge that the sensitive PII may have been needed to support the examination conclusions, the

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<sup>5</sup> Documents categorized as temporary files in Supervision Central will be automatically deleted when a supervisory event moves to postexamination status, which occurs 75 days after the report of examination mail date.

presence of this information evidences the risk created by the districtwide access approach—providing examiners with access to sensitive PII.

The Board’s policy on handling PII states that only authorized individuals may access PII, and access must be limited to the extent needed to accomplish official business purposes. One interviewee mentioned that there are certain features in Supervision Central that may help prevent or identify instances of unauthorized access to sensitive PII. These features include a warning message provided when examiners begin to perform searches in Supervision Central and an audit log feature that can be used to review user activity in the application.

We learned that Supervision Central also allows additional restrictions to be applied to individual documents so that they are only accessible by members of the examination team. Specifically, lead examiners assigned to an examination can designate documents they deem especially sensitive. This designation limits the viewing of the document to the lead examiner and members of the examination team that the lead examiner selects.

Operational benefits notwithstanding, under the districtwide access approach, some examiners may have access to sensitive PII without a need to know. We believe that in addition to making widespread use of Supervision Central’s controls to facilitate purging sensitive PII that is not required to be retained, the Board should implement other measures to limit access to sensitive PII in Supervision Central to those with a need to know. Such measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII to only those who require it to perform their job duties.

## Recommendation

We recommend that the director of S&R

2. Implement measures to limit access to documents in Supervision Central to those with a need to know. Potential measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII.

## Management Response

In its response to our draft report, the Board concurs with our recommendation. The Board states that reinforcing and monitoring the use of temporary files across the System to address recommendation 1 will significantly reduce the volume of sensitive PII within Supervision Central. Additionally, the Board states that it will reiterate examination records guidelines in its internal guidance, ensuring that supervisory staff only retain documents containing sensitive PII when required.

The Board also states that it will investigate the feasibility of expanding the use of the capability to restrict access to the remaining documents containing sensitive PII to the examination team. The Board expects to complete this assessment by August 31, 2023. Additionally, the Board notes that Supervision Central is projected to be phased out by the second quarter of 2025 and replaced with the common examination platform called the One Agile Supervision Solution. The Board notes that it plans to focus on developing a

sustainable process for limiting access to sensitive PII within that application. The Board states that the expected completion date for developing a detailed plan and approach to address this recommendation is December 31, 2023.

## **OIG Comment**

The planned actions described by the Board appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



# Appendix A: Scope and Methodology

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We initiated this evaluation to assess the Board’s and the Reserve Banks’ access controls and practices for disposing of CSI and sensitive PII in select applications used for supervising CBOs and RBOs.

To accomplish our objective, we spoke with officials and staff from the Board and the Federal Reserve Banks of Chicago, Kansas City, and St. Louis and reviewed relevant policies, procedures, and documentation from the Board and the three Reserve Banks. We selected these Reserve Banks because they had conducted the most CBO and RBO commercial bank examinations from June 2021 through June 2022. Our results cannot be projected across the population of Reserve Banks, examiners, and examinations.

The scope of our evaluation included S&R and Reserve Bank policies, procedures, and practices related to access controls for Supervision Central and INSite, two applications that support supervision activities for the CBO and RBO portfolios. Our scope also included practices for disposing of CSI and sensitive PII that are in Supervision Central and that are not required to be retained as part of the examination record. We observed walkthroughs of the Supervision Central and INSite applications to identify access controls within those applications. We also reviewed selected active CBO and RBO examinations in Supervision Central initiated from March 2022 through October 2022 to assess the usage of the temporary files category among the three selected Reserve Banks.

We reviewed the results of the 2021 INSite AD group validations for the three Reserve Banks to confirm that the validations were performed according to management’s expectations and to verify that the AD groups reflect updates identified in the AD group validation results. We also confirmed that the 2022 user validation activity conducted for Supervision Central at the selected Reserve Banks was completed. In addition, we verified that selected examiners from the three Reserve Banks had signed a TOU agreement.

We conducted a total of 44 interviews with Board S&R and Reserve Bank staff. Specifically, we interviewed (1) Reserve Bank staff responsible for conducting the annual AD group validations; (2) Reserve Bank quality control and quality assurance staff responsible for reviewing examination reports; and (3) Reserve Bank examiners, to gather their perspectives on the retention and disposal of documents in Supervision Central.

We conducted our evaluation from April 2022 through April 2023. We performed our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency in December 2020.



# Appendix B: Management Response



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

May 26, 2023

Mr. Michael VanHuysen  
Associate Inspector General for Audits and Evaluations  
Office of Inspector General  
Board of Governors of The Federal Reserve System  
Washington, DC 20551

Dear Mr. VanHuysen,

Thank you for the report, *The Board Can Enhance Its Procedures and Controls for Protecting Confidential Information in Supervision Central*, prepared by the Office of Inspector General (OIG). We appreciate the effort that the OIG has put into this report for enhancing our procedures and controls for protecting confidential supervisory information (CSI) and sensitive personally identifiable information (PII) in select applications used for supervising community banking organizations (CBOs) and regional banking organizations (RBOs).

The evaluation focused on access controls and practices for disposing of CSI and sensitive PII for the Board of Governors of the Federal Reserve System (Board) and Reserve Banks (together the Federal Reserve System - FRS). The OIG interviewed staff from the Board and three Reserve Banks and determined there were no recommendations regarding CSI but made two recommendations regarding the access and disposal of sensitive PII in Supervision Central, a cloud-based application adopted in June 2021 to document Reserve Bank supervisory activities.

Please see our responses below to the recommendations.

**Recommendation 1:** Develop and issue guidance that communicates the purpose of the Supervision Central temporary files category as well as when and how to use the category.

**Management Response:** We concur with the recommendation. Our team will provide the required procedures to the Reserve Banks through the Regional and Community Bank Portfolio Management Groups to ensure more consistency on the required use of the temporary files category and to purge any documents that contain sensitive PII that are not needed. In addition, we will refer staff to review the Supervision Central help article that covers training around temporary files.

We will also refer staff to the Rapid Response that outlines the purpose and use of the temporary files category as well as post examination expectations and automatic deletion referenced in our internal guidance. We also plan to establish a process to confirm consistent use of this functionality by the Reserve Banks. The expected completion date to address this recommendation is September 30, 2023.

**Recommendation 2:** Implement measures to limit access to documents in Supervision Central to those with a need to know. Potential measures could include restricting access to supervisory events to the examination team and others with a need to know or requiring lead examiners to restrict access to documents containing sensitive PII.

**Management Response:** We concur with the recommendation to limit access to sensitive PII within Supervision Central. Currently, access to supervisory documents and information including sensitive PII is limited to authorized staff within the Supervision and Regulation function at each Reserve Bank. Reinforcing and monitoring the use of temporary files across the Federal Reserve System (as identified in recommendation 1) will significantly reduce the volume of sensitive PII currently within Supervision Central. In addition, we will reiterate examination records guidelines in our internal guidance, ensuring that supervisory staff only retain documents containing sensitive PII when required. This will also be included in the communication noted in Recommendation 1.

The OIG also recognized that Supervision Central has the capability to manually restrict access to individual documents containing highly sensitive information. Currently, it is not an effective solution to address this finding. However, we will investigate the feasibility of expanding the use of the "Sensitivity" capability to further restrict access to the remaining documents containing sensitive PII to the examination team. The expected date to complete this investigation is August 31, 2023.

Supervision Central is projected to be phased out within the next two years (Q2 2025) and replaced with the common exam platform, One Agile Supervision Solution (OASiS). As a result, we plan to focus on developing a sustainable process for limiting access to sensitive PII within OASiS. Also, further review will be needed to investigate the appropriate controls for documents that contain sensitive PII and the impact of implementing this process on a broader basis within current and future platforms. Given the complexity in developing a sustainable process, we will need additional time to identify the appropriate method and policy guidelines for the various platforms and supervisory business lines. The expected completion date for developing a detailed plan and approach to address this recommendation is December 31, 2023.

We value your objective and independent viewpoints and appreciate the professionalism demonstrated by all OIG personnel throughout this audit and your efforts to understand our process. We look forward to continuing to work with your office in the future.

Regards,

**MICHAEL GIBSON**

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Michael S. Gibson

Director

Division of Supervision and Regulation



# Abbreviations

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<b>AD</b>	Active Directory
<b>CBO</b>	community banking organization
<b>CSI</b>	confidential supervisory information
<b>PII</b>	personally identifiable information
<b>RBO</b>	regional banking organization
<b>S&amp;R</b>	Division of Supervision and Regulation
<b>TOU</b>	terms of use

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