



Office of Inspector General

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

Executive Summary, 2021-FMIC-C-009, July 21, 2021

The Bureau Can Improve Its Controls for Issuing and Managing Interagency Agreements

Findings

The Bureau of Consumer Financial Protection's Office of the Chief Procurement Officer (Procurement) and Office of the Chief Financial Officer (OCFO) can improve controls for issuing and managing interagency agreements (IAAs). Specifically, while the Bureau has issued IAA guidance, it does not clearly and formally describe IAA responsibilities; doing so would define expectations and establish an internal control framework. Additionally, Procurement and the OCFO did not consistently identify and document the correct statutory authority for issuing IAAs and did not follow relevant *Federal Acquisition Regulation* requirements. Effective controls would help to ensure that (1) the Bureau complies with relevant requirements and (2) IAAs are in the best interest of the federal government.

Invoice approvers did not consistently review IAA billings in accordance with the relevant Bureau policy. Enhanced Procurement and OCFO oversight could ensure that improper bills are identified in a timely manner and that the Bureau receives goods and services in accordance with agreement terms. Additionally, the Bureau did not consistently deobligate excess funding on IAAs in a timely manner. Enhanced deobligation controls could limit the Bureau's risk of improperly approving payments against outstanding balances and provide an opportunity to reallocate unused funds to address other needs. Finally, a Procurement report used to satisfy internal and external stakeholder IAA information needs did not contain complete data; ensuring that Procurement can generate complete IAA data can help the Bureau effectively report on and monitor its IAAs.

Recommendations

Our report contains recommendations designed to improve existing IAA guidance and internal controls, to enforce internal controls to ensure compliance with IAA policies and procedures, and to ensure the completeness of reports containing IAA data. In its response to our draft report, the Bureau concurs with our recommendations and outlines actions to address each recommendation. We will follow up to ensure that the recommendations are fully addressed.

Purpose

The objective of this audit was to assess the design and operating effectiveness of the Bureau's controls for issuing and managing IAAs, including compliance with relevant laws and regulations. We focused on IAAs active during fiscal year 2019.

Background

The Bureau uses IAAs to procure certain goods or services from other government agencies. Procurement and the OCFO administer the Bureau's IAA program and rely on the program office that is procuring goods or services to perform certain functions, such as preparing the IAA document. For the purpose of our report, we characterize the IAA life cycle as having two key phases: issuance and management. IAA issuance begins after a program office identifies a need for goods or services and ends with the award being processed and funds being obligated. IAA management begins after the Bureau issues an IAA and includes (1) monitoring performance of the IAA, (2) accepting or rejecting payments, and (3) deobligating funds and closing IAAs.

The total obligated value of Bureau IAAs that were active during fiscal year 2019 was approximately \$320 million. Our scope for this audit included a nonstatistical, risk-based sample of 10 IAAs from a population of 114. Those 10 IAAs had a total obligated value of approximately \$19 million.