



Office of Inspector General

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

Executive Summary, 2021-MO-C-006, March 29, 2021

The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce

Findings

The Bureau of Consumer Financial Protection can improve certain hiring processes and guidance related to interviews. Specifically, for the hiring actions that we tested, we observed that the Bureau did not consistently conduct structured interviews or follow its planned assessment process regarding the use of structured interviews. In addition, we found that Bureau policy and procedure documents did not provide guidance to hiring managers outlining expectations for (1) documenting qualified internal applicants for inclusion in interviews or (2) selecting interview panels.

We found that the Bureau generally follows its established policy, procedure, and guidance requirements for the hiring processes we examined. However, Bureau practices differed from those established in its policy, procedure, and guidance documents for controls surrounding public disclosure of one type of its excepted service positions and the use of subject-matter experts.

In addition, the Bureau did not consistently document justifications for selecting an applicant or using subject-matter experts for the hiring actions that we tested. Further, we identified updates to hiring action documentation that occurred months after the position was filled.

The Bureau's database for tracking hiring actions has incomplete data and lacks system controls to ensure data reliability. Specifically, we identified that six of the eight key date fields in the database were frequently blank.

The Bureau's racial and ethnic diversity increased as a percentage of its overall workforce from fiscal year 2014 to fiscal year 2019. We identified six practices and supporting actions for cultivating a diverse workforce and found that although the Bureau's hiring processes aligned with many of these practices and supporting actions, several practices may help the Bureau continue to increase its workforce diversity.

Recommendations

Our report contains recommendations designed to strengthen the Bureau's hiring processes and reduce risks associated with its hiring practices related to assessing applicants, documenting hiring actions, and tracking hiring actions. Our report also contains a recommendation to help the Bureau maintain its focus on hiring a diverse workforce. In its response to our draft report, the Bureau concurs with our recommendations and outlines actions that have been or will be taken to address our recommendations. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this audit to assess the Bureau's compliance with its policies and procedures related to selected types of hiring, promotions, and other internal placements and to identify any potential effects of those hiring practices on its workforce diversity. Our audit focused on selected controls and did not assess the agency's management decisions on individual hiring actions. We examined hiring actions from February 1, 2019, through January 31, 2020, as well as workforce demographic data for fiscal years 2014 through 2019.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Bureau as an executive agency and authorized the Bureau director to hire employees in accordance with applicable provisions of title 5 of the *United States Code*. This authority allows the Bureau to fill positions through (1) competitive hiring authorities, such as delegated examining and merit promotion, as well as (2) hiring authorities that are specifically excepted from the competitive service, such as schedule C positions. To guide its hiring practices, the Bureau's Office of Human Capital has developed eight policy, standard operating procedure, and guidance documents related to its hiring processes. Further, one of the Bureau's strategic objectives is to maintain a talented, diverse, inclusive, and engaged workforce. The Office of Human Capital works with the Office of Minority and Women Inclusion to recruit a diverse workforce.