



Office of Inspector General

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

Executive Summary, 2021-SR-C-016, November 1, 2021

The Bureau Can Improve Aspects of Its Quality Management Program for Supervision Activities

Findings

We found that the Bureau of Consumer Financial Protection's Division of Supervision, Enforcement and Fair Lending (SEFL) can improve the effectiveness of its Quality Management Program (QMP) for supervision activities. Specifically, we found that the Office of Supervision Examinations (OSE), the SEFL office responsible for administering the program, should finalize the updates to existing and draft QMP policies, procedures, and guidance and that SEFL leadership should consider increasing its involvement in formal program oversight. We acknowledge that OSE has begun updating and drafting new QMP policies, procedures, and guidance, including a staff handbook. However, as of early September 2021, OSE had not finalized these items.

Additionally, we found that OSE should enhance aspects of the QMP's quality control review processes, assess the program's current staffing level and structure, and formalize its training program. We also found that OSE should enhance the reporting and distribution of its quality assurance results.

Recommendations

Our report contains recommendations designed to enhance the effectiveness of SEFL's QMP for supervision activities. 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 each recommendation. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this evaluation to assess the design and effectiveness of SEFL's QMP for supervision activities. We focused our review on QMP activities that occurred from January 2019 through May 2020.

Background

Within SEFL, OSE is responsible for supervising and examining institutions' compliance with federal consumer financial laws and executes its responsibilities through four regional offices. OSE's Oversight team is responsible for developing and supporting the supervision program and manages the QMP for supervision activities as part of its responsibilities.

In 2014, OSE implemented the QMP for supervision activities and issued the Supervision Quality Management Program Outline (referred to as the QMP's foundational document). According to the foundational document, the QMP's goals and objectives are (1) to ensure that its supervisory program adheres to the Bureau's quality standards and that OSE staff conduct supervisory activities in accordance with policies and procedures, (2) to promote accountability and a culture of continuous improvement within the supervision program, and (3) to ensure that OSE implements quality controls and identifies enhancement opportunities for those controls.