

Consumer Financial Protection Bureau

The CFPB Can Enhance Certain Aspects of Its Examiner Commissioning Program



Office of Inspector General

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



Executive Summary, 2024-SR-C-013, May 15, 2024

The CFPB Can Enhance Certain Aspects of Its Examiner Commissioning Program

Findings

The Consumer Financial Protection Bureau can enhance certain aspects of its Examiner Commissioning Program (ECP). Specifically, we found that CFPB examiners receive inconsistent opportunities, mentorship, and support as they pursue commissioning. We also found that the agency's Division of Supervision, Enforcement and Fair Lending can define the expectations for certain ECP support roles and standardize the process for collaboration between Supervision Learning and Development and the regions related to additional support for examiners preparing for the ECP. We believe that defining roles, responsibilities, and expectations as well as standardizing the process for collaboration may promote a more consistent experience for examiners.

Additionally, we found that the Division of Supervision, Enforcement and Fair Lending can improve examiner in charge (EIC) case study assessment (CSA) feedback to examiners. Multiple interviewees indicated that they received vague EIC CSA feedback. Providing more specific, actionable feedback will help examiners to address areas of weakness and further develop the necessary skills to complete the ECP and become commissioned examiners.

In addition, we identified a matter for management consideration related to formalizing an approach for diversifying panels that assess the EIC CSA and periodically collecting qualitative information through activities such as focus groups and qualitative surveys.

Recommendations

Our report contains three recommendations designed to enhance certain aspects of the CFPB's ECP. In its response to our draft report, the CFPB concurs with our recommendations and outlines actions to address them. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this evaluation to assess the CFPB's approach to examiner commissioning, including the case study component of the program. Specifically, our scope covered the CFPB's ECP activities from January 2018 through December 2022.

Background

The CFPB's Office of Supervision Examinations oversees the examination activities of four regional offices. Within the Office of Supervision Examinations, Supervision Learning and Development is responsible for training and commissioning the CFPB's examination staff.

The ECP is a key component of the CFPB's supervision program and addresses the professional development of the agency's examination workforce. The ECP includes required coursework, on-the-job examiner experience, acting EIC assignments, a capstone course, a multiple-choice test, and the EIC CSA. Examiners must successfully complete the ECP to be commissioned.



Recommendations, 2024-SR-C-013, May 15, 2024

The CFPB Can Enhance Certain Aspects of Its Examiner Commissioning Program

Finding 1: The CFPB Can Improve the Consistency of Opportunities and Support Provided to Examiners During the ECP

Number	Recommendation	Responsible office
1	Issue guidance that clearly defines responsibilities and outlines expectations for those serving in ECP support roles, including (a) mentors on their support during an examiner’s acting EIC assignment; (b) regional training leads on their support during rotations; and (c) field managers on providing support, identifying examinations, and selecting acting EIC assignments for examiners pursuing commissioning.	Division of Supervision, Enforcement and Fair Lending
2	Develop a standardized process for SL&D and the regions to collaborate when providing supplemental ECP support to examiners who are preparing for the ECP.	Division of Supervision, Enforcement and Fair Lending

Finding 2: The CFPB Can Improve EIC CSA Feedback to Examiners

Number	Recommendation	Responsible office
3	Assess the current EIC CSA feedback process and determine how to enhance the feedback provided to examiners while safeguarding the content of the EIC CSA. Based on the results of the assessment, update guidance to clearly outline expectations for delivering specific, actionable EIC CSA feedback and develop and implement training on those expectations.	Division of Supervision, Enforcement and Fair Lending




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MEMORANDUM

DATE: May 15, 2024

TO: David Bleicken
Deputy Associate Director, Division of Supervision, Enforcement and Fair Lending
Consumer Financial Protection Bureau

FROM: Michael VanHuysen 
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2024-SR-C-013: *The CFPB Can Enhance Certain Aspects of Its Examiner Commissioning Program*

We have completed our report on the subject evaluation. We conducted this evaluation to assess the Consumer Financial Protection Bureau’s approach to examiner commissioning, including the case study component of the program.

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 your staff during our evaluation. Please contact me if you would like to discuss this report or any related issues.

cc: Jan Singelmann
Lorelei Salas
Cassandra Huggins
Adam Martinez
Jean Chang
Bryan Bubar
Marianne Roth
Richard Austin
Ashley Adair



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Introduction

Objective

Our objective for this evaluation was to assess the Consumer Financial Protection Bureau’s approach to examiner commissioning, including the case study component of the program. In 2017, the Office of Inspector General completed an evaluation of the CFPB’s Examiner Commissioning Program (ECP) and issued a report that included several findings and recommendations designed to enhance the effectiveness of the program, which have since been implemented.¹ Therefore, we assessed the ECP’s operations following the implementation of those recommendations. Specifically, our scope covered the CFPB’s ECP activities from January 2018 through December 2022. Appendix A describes our scope and methodology in greater detail.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the CFPB to regulate the offering and provision of consumer financial products and services under federal consumer financial laws. The Dodd-Frank Act authorizes the CFPB to supervise depository institutions and their affiliates with more than \$10 billion in total assets and certain nondepository institutions.²

The Office of Supervision Examinations (OSE), one of three offices in the CFPB’s Division of Supervision, Enforcement and Fair Lending (SEFL), oversees the CFPB’s examination activities³ and manages the agency’s examiners located across its four regional offices.⁴ Within OSE, Supervision Learning and Development (SL&D) trains and runs a commissioning program for the CFPB’s examination staff. According to SL&D, its mission is “to prepare and support the best-trained and most-proficient commissioned examiners as well as to provide professional development to support SEFL’s mission.”

The CFPB’s ECP, established in 2014, is a cornerstone of the agency’s supervision program and addresses the professional development of the agency’s examination workforce.⁵ According to the CFPB’s 2018 *Directive 1320-A-D-041A Examiner Commissioning Program* (ECP Directive), the ECP establishes transparent criteria and a training program that provides all noncommissioned examiners an opportunity

¹ Office of Inspector General, *The CFPB Can Enhance the Effectiveness of Its Examiner Commissioning Program and On-the-Job Training Program*, [OIG Report 2017-SR-C-014](#), September 20, 2017.

² The CFPB has the authority to supervise nondepository institutions in the consumer mortgage lending, payday lending, and private education lending markets regardless of size; larger participants in markets for other consumer financial products or services as defined by the agency; and entities the CFPB has reasonable cause to determine, by order, are “engaging, or ha[ve] engaged, in conduct that poses risks to consumers with regard to the offering or provision of consumer financial products or services.”

³ The CFPB conducts a variety of examinations, including compliance management reviews, product-based examinations, and statutory and regulation-based examinations. Examiners evaluate an institution’s distinct product line, such as auto lending, credit cards, mortgage origination, and mortgage servicing, during product-based examinations.

⁴ The Office of Enforcement and the Office of Supervision Policy are the other two SEFL offices. The four regional offices are located in New York (Northeast), Chicago (Midwest), Atlanta (Southeast), and San Francisco (West).

⁵ In October 2014, the CFPB’s ECP superseded its Interim Examiner Commissioning Program, which was implemented in August 2012.

to pursue commissioning while providing tools for their professional development. According to the CFPB’s 2022 *Supervision Learning and Development Annual Report*, successfully completing the ECP is a significant milestone in an examiner’s career, signifying attainment of the broad-based technical expertise, knowledge, skills, and tools necessary to perform the duties of a commissioned examiner.

The CFPB’s ECP Requirements

The ECP Directive notes that an examiner’s progression through the ECP entails advancement through grade levels CN-30, CN-40, and CN-51.⁶ The ECP begins with required coursework, a minimum of 1 year of on-the-job experience at grade CN-51 or higher, and two assignments as an acting examiner in charge (EIC) (table 1).⁷ As an acting EIC, an examiner completes EIC duties during an examination under the mentorship and supervision of a commissioned examiner. After an examiner completes the required coursework and both acting EIC assignments and receives a recommendation from their field manager as well as approval from their regional director, the examiner may participate in the three final ECP components—the capstone course, the multiple-choice test, and the EIC case study assessment (CSA). SL&D developed a readiness tool to assist field managers and regional directors in determining and documenting an examiner’s readiness for each stage of the ECP. The tool lists the courses the examiner has taken, provides details about their acting EIC assignments, and enables the examiner’s field manager and regional director to document their input and feedback.

Table 1. ECP Components

ECP component	Description
Required coursework	The required courses are Operations, Deposits, and Prepaid Products; Lending Principles; Fair Lending Examination Techniques; Advanced Communications; and EIC Preparation.
On-the-job experience	Examiners must have a minimum of 1 year of on-the-job experience at the CN-51 grade or higher.
Acting EIC assignments	Examiners must complete a minimum of two acting EIC assignments while being supervised.
Capstone course	The capstone course allows examiners to demonstrate and explore expected EIC competencies in a classroom setting by exposing them to the life cycle of a compliance examination. The course also allows examiners to practice applying regulations, laws, and examination processes and procedures and concludes with a case study simulation.

⁶ Examiners at the CN-30, CN-40, and CN-51 grade levels participate in compliance examinations of financial institutions or financial services companies. Specifically, among other duties, the CN-30 grade-level examiner participates and assists on supervisory activities, and the CN-40 grade-level examiner conducts examination work. The CN-51 grade-level examiner may lead aspects of the examination.

⁷ The EIC is responsible for planning, scoping, leading, and executing an examination.

ECP component	Description
Multiple-choice test	The test consists of 150 multiple-choice questions covering 8 major categories.
EIC CSA	The EIC CSA tests an examiner’s ability to serve as an EIC and review and analyze the consumer complaint history and examiner findings for an entity, draw conclusions, and present conclusions in both written and oral form.

Source: OIG compilation based on a review of CFPB documentation.

After completing the capstone course and receiving their supervisor’s approval, examiners are eligible to take a multiple-choice test that assesses whether they have the knowledge required of a CFPB-commissioned examiner. Examiners must achieve a score of 75 percent or higher to pass or a 70 percent or higher for a provisional pass.⁸

Once an examiner successfully completes the multiple-choice test and receives their supervisor’s approval, they must then take the EIC CSA. The purpose of the EIC CSA is to test an examiner’s ability to (1) apply technical knowledge to a set of examination facts; (2) arrive at reasonable and supportable conclusions; and (3) demonstrate oral, interpersonal, and written communication skills when presenting examination conclusions to an institution’s board of directors. An assessor panel, composed of three CFPB-commissioned examiners, evaluates an examiner’s performance in these areas. Specifically, the assessors must observe, record, and rate the performance of each candidate’s written and oral presentations. Together, the three assessors arrive at a consensus rating. A fourth individual also attends the EIC CSA to serve as a quality control reviewer. According to CFPB staff, the quality control reviewer is from the same CFPB region as the ECP candidate and can provide relevant region-specific information during the case study assessors’ consensus discussions.

According to the ECP Directive, if an examiner fails either the multiple-choice test or the EIC CSA, they must wait at least 4 months before retaking the assessment a second time and must wait 12 months between any subsequent attempts. The examiner’s field manager or supervisor should work with those yet to pass to create an individual commissioning development plan (CDP) and attempt to align work assignments to address any identified areas of weakness.⁹ Each region also has staff that serve as regional training leads (on a rotational basis) to help examiners as they approach ECP milestones.

The ECP Directive states that examiners at the CN-51 grade level and below must complete the ECP within 7 years of August 31, 2018; within 7 years of their hire date; or within 5 years of their promotion to the CN-51 grade level—whichever comes later.¹⁰ The policy states that failure to complete all

⁸ Examiners with a provisional pass do not have to retake the test but must work with their supervisor to develop an individualized plan to specifically address any of the eight topics in which they scored less than 75 percent.

⁹ According to the ECP Directive, the CDP may include study courses, examiner assignments, individualized training or coaching, online course materials, or any other developmental aids that may assist the individual as necessary. The ECP Directive recommends a written CDP after any failure and requires a written CDP after a second failure of any element. In the case of a second or subsequent failure, SL&D will review and approve the CDP before it is implemented.

¹⁰ CFPB examiners hired before December 31, 2014, are not required to become commissioned.

commissioning requirements and be commissioned within the specified time frame may be reason for removal from federal service. In October 2022, the CFPB deferred these requirements for examiners to be commissioned within specified time frames and decided not to enforce these timing requirements. Upon successfully completing the ECP, examiners receive their commissions and are eligible for promotion to the CN-52 grade level. An examiner cannot be promoted beyond the CN-51 grade level until they are commissioned.

Comparison of the CFPB’s ECP to Other Financial Regulatory Agencies’ Programs

As part of our evaluation, we obtained benchmarking information from certain federal and state financial regulatory agencies about their examiner commissioning or certification programs and compared those programs with the CFPB’s ECP (table 2).¹¹

Table 2. Comparison of the CFPB’s ECP to Selected Federal Financial Regulatory Agencies’ Programs

Agency	Program contains multiple-choice test/technical assessment	Program contains separate case study component	Examiner must be commissioned to be an EIC	Examiner must be commissioned for promotion to specified grade level	Examiner must be commissioned to remain employed
CFPB	Yes	Yes	Yes	Yes	Yes ^a
Agency 1	Yes	No ^b	Yes	Varies ^c	Varies ^d
Agency 2	Yes	No ^e	Yes	Yes	Yes
Agency 3	Yes	Yes	Yes	Yes	No

Source: OIG analysis based on documentation and interview support from selected federal financial regulatory agencies.

^a As previously noted, the ECP Directive states that failure to complete all commissioning requirements and be commissioned within the specified time frame may be reason for removal from federal service. In October 2022, the CFPB deferred these requirements and decided not to enforce these timing requirements.

^b This federal regulatory agency does not have a separate case study component; however, the agency’s capstone course includes interactive case study exercises designed to challenge learners to demonstrate the ability to lead key supervisory activities.

^c Generally, this federal regulatory agency determines whether promotions will be tied to commissioning at the regional level; therefore, the requirement may vary based on the region. However, most regions award a promotion to examiners upon being commissioned.

^d This federal regulatory agency generally determines whether continued employment will be tied to commissioning at the regional level; therefore, the requirement may vary based on the region.

^e This federal regulatory agency does not have a separate case study component; however, the agency’s capstone course includes a case study exercise that examiners must successfully complete to move forward in the agency’s examiner commissioning program.

¹¹ We determined that state financial regulatory agencies do not have examiner commissioning programs; some state regulators participate in the Conference of State Bank Supervisors’ examiner certification program while others may have their own certification programs. As such, we did not include the selected state financial regulatory agencies in our comparison analysis.

Similar to the CFPB, two other selected federal financial regulators require examiners to be commissioned to qualify for promotions to certain grade levels, and one other agency requires examiners to be commissioned to remain employed with the agency. Further, certain regions of another federal financial regulator also require examiners to be commissioned to qualify for certain promotions and for continued employment. The other federal financial regulator does not require a commission for all examiners and provides alternate career paths. For example, examiners who have not been commissioned can still work as specialists in certain areas and focus solely on one subject matter. The CFPB and all three selected federal financial regulators require their examiners to be commissioned to serve as EICs. While the CFPB and two of the selected federal financial regulators include a case study exercise in their capstone courses, only one of the selected federal financial regulators has an additional separate CSA component similar to the CFPB.

As of the end of 2022, about 60 percent of the CFPB's examiners held commissions. This rate is comparable to two of the selected federal financial regulatory agencies, whose percentage of commissioned examiners ranged from 56 to 73 percent.¹² Further, the CFPB's EIC CSA overall passage rate of 64 percent was similar to another federal financial regulatory agency's case study passage rate of 65 percent. Also as of the end of 2022, the CFPB's multiple-choice test had an 80 percent pass rate. One selected federal financial regulatory agency had a 65 percent pass rate for its multiple-choice test and another selected federal financial regulatory agency's pass rate ranged from 58 to 81 percent, depending on the examination type.

¹² The other selected federal financial regulatory agency did not provide data on the percent of commissioned examiners.



Finding 1: The CFPB Can Improve the Consistency of Opportunities and Support Provided to Examiners During the ECP

According to the CFPB’s ECP Directive, the ECP establishes transparent criteria and a training plan that will provide every examiner an opportunity to pursue commissioning while providing tools for professional development. The guidance notes that the ECP requirements will provide examiners with sufficient technical training and experience with the relevant laws, the responsibilities of being an EIC, and an understanding of the internal processes that support the examination process. However, we found that CFPB examiners receive inconsistent opportunities, mentorship, and support as they pursue commissioning. For example, we learned that an examiner’s experience on examinations and their acting EIC assignments can vary significantly and that the engagement and support of mentors, regional training leads, and field managers can affect an examiner’s experience during the program. Further, we learned that certain regions offer additional support to examiners pursuing commissioning. We attribute the inconsistent opportunities, mentorship, and support for examiners as they pursue commissioning to two factors. First, OSE lacks defined roles and responsibilities for those serving in support roles within the ECP. Second, OSE does not have a standardized process for collaboration between SL&D and the regions for providing additional ECP support. We believe that defining expectations for supporting examiners pursuing commissioning and standardizing a process for collaboration may promote a more consistent experience for ECP participants.

Examiners Receive Inconsistent Examination Opportunities During the ECP

The ECP Directive outlines the requirements, including coursework, on-the-job experience, and acting-EIC assignments, that examiners must complete for the ECP. Additionally, the CFPB’s ECP Directive states that the ECP establishes transparent criteria and a training plan that will provide every examiner an opportunity to pursue their commission while providing tools for professional development. The guidance notes that the ECP requirements will provide examiners with sufficient technical training and experience with the relevant laws and the responsibilities of being an EIC, as well as an understanding of the internal processes that support the examination process.

However, we found that CFPB examiners receive inconsistent examination opportunities as they pursue commissioning. Specifically, we learned that an examiner’s experience on examinations and their acting EIC assignments can vary significantly. The CFPB conducts a variety of examinations, including compliance management reviews, product-based examinations, and statutory and regulation-based examinations.¹³ Interviewees noted that examiners typically participate in four examinations per year and thus may not gain sufficient exposure to certain types of examinations and product lines to adequately prepare for the

¹³ Examiners evaluate an institution’s distinct product line, such as auto lending, credit cards, mortgage origination, and mortgage servicing, during product-based examinations.

ECP. Further, some interviewees shared that examinations of certain product lines, such as mortgage origination and mortgage servicing, can better prepare examiners for the EIC CSA than others. Interviewees also noted that the CFPB is now conducting more examinations of nondepository institutions, which can differ from the types of examinations included in the ECP.

Further, examiners' acting EIC assignments can vary significantly. For example, interviewees noted that some examiners may complete a Matter Requiring Attention (MRA) follow-up examination¹⁴ as an acting EIC assignment; however, interviewees noted that MRA follow-up examinations do not always provide examiners with sufficient experience leading an examination and do not help prepare them for the EIC CSA, putting these examiners at a disadvantage.¹⁵

The Engagement and Support of Mentors, Regional Training Leads, and Field Managers Varies

We also learned that the engagement and support of mentors, regional training leads, and field managers varies. As previously noted, as an acting EIC, an examiner is responsible for completing EIC duties under the mentorship and supervision of a commissioned examiner. According to interviewees, mentors provide varying support to examiners during their acting EIC assignments. For example, one interviewee noted that some mentors actively share knowledge with noncommissioned examiners while other do not. The level of support from regional training leads and field managers has also varied. For example, one interviewee stated that neither their regional training lead nor their field manager reached out to offer support except to inquire about them retaking the EIC CSA. In contrast, an interviewee in a different region said that their regional training lead was very involved in the ECP process and conducted a mock EIC CSA to help prepare examiners. Some interviewees indicated that their field managers closely monitored their progress and provided support throughout the ECP process, while others noted that their field managers were minimally involved.

Regional Support for Examiners Preparing for the ECP Varies

Based on the number of EIC CSA attempts across the regions, we did not identify a material difference in pass rates.¹⁶ However, we learned that certain regions offer additional support to examiners pursuing the ECP. For example, some regions provide examiners with additional preparation opportunities, such as EIC CSA practice simulations that those regions developed. Further, one region created a list of CFPB-offered courses addressing key regulations to help examiners prepare for the multiple-choice test. One interviewee stated that their region developed practice EIC CSA materials and conducted mock EIC CSA presentations to help examiners successfully complete the EIC CSA, while another stated that their region

¹⁴ MRAs are corrective actions that result from examination findings that require the attention of a supervised institution's board of directors or principals. During MRA follow-up examinations, examiners evaluate whether the supervised entity has addressed the required corrective actions.

¹⁵ The CFPB updated the acting EIC assignment requirements in 2018 to allow only one MRA follow-up examination to count toward the requirement.

¹⁶ The overall EIC CSA pass rates from 2015 through 2022 for the three regions with the highest number of attempts ranged from 61 to 62 percent. The fourth region had a pass rate of 79 percent but had far fewer attempts than the other regions.

did not offer such resources or preparation opportunities and examiners had to prepare independently for the EIC CSA.

OSE Lacks Defined Roles and Responsibilities for ECP Support Roles and a Standardized Process for Providing Additional ECP Support

We attribute the inconsistent opportunities, mentorship, and support for examiners as they pursue commissioning to two factors. First, OSE lacks defined roles and responsibilities for those serving in support roles within the ECP. The ECP Directive notes that examiners may request and receive assistance from regional training leads to supplement assistance from their field managers to prepare them for the EIC CSA. However, we did not identify any other description of the roles and responsibilities for the regional training leads or field managers relative to the ECP. Further, we did not identify written roles and responsibilities or baseline expectations for those serving as mentors to examiners during their acting EIC assignments. An interviewee acknowledged that there is no job description for the individual that mentors examiners on the acting EIC assignments and that an examiner's experience depends on who is assigned as mentor. The same interviewee noted that they told regional management that standardizing roles for the mentors on the acting EIC assignments would provide a foundation to properly assist acting EICs; the interviewee noted that although seemingly receptive, management noted issues with the time it would take to implement such changes.

Second, OSE does not have a standardized process for collaboration between SL&D and the regions for providing additional ECP support. An interviewee noted that SL&D does not have capacity to conduct the requested number of EIC CSA practice simulations, so the regions organize these activities on their own. A CFPB official stated that the regions invest different types and amounts of resources to help examiners prepare for the ECP and that some regions may provide more resources than others. We believe that defining expectations for ECP support roles and standardizing a process for collaboration between SL&D and the regions may promote a more consistent experience for examiners.

Recommendations

We recommend that the deputy associate director of SEFL

1. Issue guidance that clearly defines responsibilities and outlines expectations for those serving in ECP support roles, including (a) mentors on their support during an examiner's acting EIC assignment; (b) regional training leads on their support during rotations; and (c) field managers on providing support, identifying examinations, and selecting acting EIC assignments for examiners pursuing commissioning.
2. Develop a standardized process for SL&D and the regions to collaborate when providing supplemental ECP support to examiners who are preparing for the ECP.

Management Response

In response to our draft report, the deputy associate director of SEFL concurs with our recommendations. Specifically, regarding recommendation 1, the response states that by September 30, 2024, SEFL will develop and implement the guidance and will provide training to relevant staff. Regarding recommendation 2, the response states that by September 30, 2024, SEFL will develop and implement a standardized process and will provide training to relevant staff.

OIG Comment

The planned actions described by the deputy associate director of SEFL appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



Finding 2: The CFPB Can Improve EIC CSA Feedback to Examiners

Examiners are not consistently receiving adequate feedback on how they performed on the EIC CSA. Multiple interviewees indicated that they received vague and unhelpful EIC CSA feedback. According to the CFPB's *2022 Supervision Learning and Development Annual Report*, a key component of SL&D's approach to examiner development is ensuring that examiners receive targeted, individualized feedback after the EIC CSA. We attribute the lack of adequate feedback to the current guidance on providing feedback and the desire to safeguard the content of the EIC CSAs. Providing more specific, actionable feedback will help examiners to address areas of weakness and further develop the skills necessary to complete the ECP and become commissioned examiners.

Examiners Are Not Consistently Provided Adequate EIC CSA Feedback

We learned that examiners are not consistently receiving adequate feedback on their EIC CSAs. Examiners receive their EIC CSA results and feedback during meetings in their respective regions. While some interviewees noted that the EIC CSA feedback can be specific and helpful, multiple interviewees from each of the four regions indicated that they received vague and unhelpful EIC CSA feedback. Interviewees shared that the feedback often did not provide pertinent details about the subject matter or areas of weakness. For example, interviewees described receiving general feedback on the need to enhance their ability to identify violations without specific information on which subject matter areas should improve.

According to the CFPB's *2022 Supervision Learning and Development Annual Report*, a key component of SL&D's approach to examiner development is ensuring that examiners receive meaningful feedback after all major ECP milestones, including the EIC CSA. This feedback includes targeted, individualized comments about areas in which examiners should focus their developmental efforts. Further, the ECP Directive states that examiners can request feedback on how they performed on the EIC CSA, including strengths and weaknesses. It also notes that examiners who fail the EIC CSA should work with their field managers to create an individual CDP to try to align work assignments to address any identified areas of weakness.

Current Guidance Requires Limited EIC CSA Feedback to Safeguard the EIC CSA Content

We attribute the lack of adequate feedback to the current guidance on providing feedback and the desire to safeguard the content of the EIC CSAs. The CFPB's *2022 Supervision Learning and Development Annual Report* highlights the importance of providing meaningful feedback to examiners after each ECP milestone, including the EIC CSA. However, SL&D's assessor procedures for the EIC CSA contain examples of vague and nonspecific feedback. Specifically, the procedures include examples for providing feedback on the technical knowledge areas in which the examiner can improve. However, the examples lack specificity and only refer to the subject matter in general terms, such as sharing that the examiner can improve their performance by acquiring more extensive knowledge of laws and regulations or being more up to date on CFPB policy issuances.

Multiple interviewees who acted in ECP support roles told us they provided only general feedback because they thought that was the expected approach and that the content of the EIC CSAs needed to be safeguarded. According to an SL&D interviewee, SL&D must protect the contents of the limited number of individual EIC CSAs because it reuses assessments multiple times. As such, SL&D has implemented several controls to prevent the contents from being disseminated across the regions. For example, SL&D retains the physical copies of the specific assessments after the examiners complete the EIC CSAs. In addition, examiners and assessors must sign nondisclosure agreements that state they will never discuss the details of the assessment outside the EIC CSA process. Examiners who violate the agreement are subject to disciplinary measures, which can include termination. Further, SL&D instructs that the post-EIC CSA debrief should not include overly specific details about the EIC CSA. An SL&D interviewee noted that the feedback is purposefully broad to mitigate the risk that information specific to the EIC CSA could be shared with other examiners pursuing commissioning.

Specific, Actionable Feedback Can Help Examiners Identify Areas for Improvement

We acknowledge that SL&D implemented some changes to the ECP feedback processes to address concerns around EIC CSA feedback. For example, in June 2023, SL&D launched a pilot program to provide written feedback to candidates in a standardized document. However, an interviewee noted that the content of the written feedback is similar to the oral feedback that was previously provided. While we understand the need to protect the content of the EIC CSA, we believe that providing more specific, actionable feedback will help examiners to address areas of weakness and further develop the necessary skills to complete the ECP and become commissioned examiners.

Recommendation

We recommend that the deputy associate director of SEFL

3. Assess the current EIC CSA feedback process and determine how to enhance the feedback provided to examiners while safeguarding the content of the EIC CSA. Based on the results of the assessment, update guidance to clearly outline expectations for delivering specific, actionable EIC CSA feedback and develop and implement training on those expectations.

Management Response

In response to our draft report, the deputy associate of SEFL concurs with our recommendation. Regarding recommendation 3, the response states that by September 30, 2024, SEFL will assess the current feedback process, determine what enhancements should be made, update the guidance, and implement it. In addition, the response states that SEFL will provide training to relevant staff.

OIG Comment

The planned actions described by the deputy associate director of SEFL appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



Matter for Management Consideration

We learned that some examination staff have raised concerns about bias within the ECP, particularly the EIC CSA. A CFPB official noted that the agency takes these concerns seriously and has taken steps to determine whether there is evidence of bias across gender or race within the EIC CSA. For example, the official noted that the agency assessed the EIC CSA pass/fail data and concluded that the results of the in-person EIC CSA attempts from 2014 through 2020 did not reflect any evidence of bias.

We also reviewed the demographic data—including race, ethnicity, and gender—and the EIC CSA pass/fail rates of the 141 examiners who attempted the EIC CSA from 2014 through 2020. Based on the results, we did not identify any demographic groups with materially higher passage rates. For example, the overall EIC CSA pass rates from 2014 through 2020 for females and males were 60 and 64 percent, respectively. Further, the average overall pass rates ranged from 64 to 67 percent for the three racial groups with the highest number of attempts.¹⁷

An interviewee noted that having the statistical results is a good first step but that qualitative information would also be useful. The same interviewee noted that the CFPB has not conducted a qualitative survey on examiners' perceptions of the EIC CSA. During our interviews, we learned that some examiners continue to perceive unfairness with aspects of the ECP, specifically the EIC CSA. For example, interviewees noted that a few examiners have raised concerns that EIC CSA assessor panels were not demographically representative of the CFPB's diversity and may have influenced some examiners' EIC CSA results. In addition, interviewees noted that some examiners have concerns about the EIC CSA process because of the lack of adequate feedback.

SL&D has worked to increase the diversity of the three-person assessment panels for each EIC CSA, particularly in the areas of race and gender. For example, an interviewee noted that once SL&D knows the volunteers for the three-person assessor panels, it then diversifies those panels by assigning at least one woman and confirming that the three panel members are not from the same racial group. In addition, SL&D noted that it aims to assign assessor groups to promote diversity based on examination experience, assessment experience, and any other factors deemed appropriate. Further, an interviewee noted that SL&D plans to hold focus groups on examiner development during an upcoming OSE meeting. The same interviewee explained that the intent of the focus groups will be to collect qualitative information about examiner development, including the ECP, from recently commissioned examiners, supervisors, and senior leadership members.

We believe that continuing to diversify case study assessor panels and collecting qualitative information will benefit the ECP. We encourage the CFPB to formalize an approach for diversifying EIC CSA panels and to consider periodically collecting qualitative information through activities such as focus groups and qualitative surveys. As noted earlier, we also believe that the CFPB can improve the EIC CSA feedback provided to examiners. Detailed feedback could increase transparency and alleviate some concerns about the ECP's fairness.

¹⁷ The three racial groups with the highest number of attempts from 2014 through 2020 were White, Black, and Asian.



Appendix A: Scope and Methodology

Our objective for this evaluation was to assess the CFPB’s approach to examiner commissioning, including the case study component. The scope of our evaluation covered the CFPB’s ECP activities from January 2018 through December 2022.

To accomplish our objective, we reviewed and analyzed relevant policies, procedures, and guidance, such as the ECP Directive and assessor procedures; training materials; annual reports; and other relevant documentation. We also reviewed documentation pertaining to the examiner commissioning or certification programs of selected federal and state financial regulatory agencies and interviewed personnel from one of the selected agencies.

To gather perspectives on the CFPB’s ECP, we conducted interviews with CFPB officials and staff. Specifically, we interviewed SEFL staff and officials from headquarters, such as SL&D team members; commissioned and noncommissioned examiners; field managers, including case study assessors and quality control reviewers; and regional training leads from each of the four CFPB regions.

We also reviewed the historical data on the pass/fail rates for the multiple-choice test and the in-person EIC CSAs since the implementation of the ECP in 2014.¹⁸ To assess whether any groups had experienced materially higher rates of failure, we also reviewed the associated demographic data.

We conducted this evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*. We conducted this work from March 2023 through March 2024.

¹⁸ The CFPB offered virtual EIC CSAs during the COVID-19 pandemic, from May 2021 to December 2022; however, because the CFPB no longer offers virtual EIC CSAs, we excluded virtual EIC CSAs from our scope.

Appendix B: Management Response



1700 G Street NW, Washington, D.C. 20552

May 6, 2024

Michael VanHuysen
Associate Inspector General for Audits & Evaluations
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Mr. VanHuysen,

Thank you for the opportunity to review and comment on the Office of Inspector General's report entitled *The CFPB Can Enhance Certain Aspects of its Examiner Commissioning Program*. The Bureau appreciates the time and effort that the Office of Inspector General (OIG) put into its evaluation, observations, and recommendations it has provided for improving how Supervision's commissioning program is executed.

We note your observations regarding inconsistencies across the regions in the administration of certain aspects of the program, and enhancements that can be made to the case study assessment (CSA) feedback. We have taken under advisement your suggestions for formalizing an approach for diversifying panels to assess the CSA and to periodically collect qualitative information through activities such as focus groups and surveys.

Thank you again for your review and the opportunity to provide comments on this report.

Sincerely,

David Bleicken

David Bleicken
Deputy Associate Director
Division of Supervision, Enforcement, and Fair Lending

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Responses to Specific Recommendations

Recommendation 1: Issue guidance that clearly defines responsibilities and outlines expectations for those serving in ECP support roles including (a) mentors on their support during an examiner’s acting EIC assignment; (b) regional training leads on their support during rotations; and (c) field managers on providing support, identifying examinations, and selecting acting EIC assignments for examiners pursuing commissioning.

The Bureau concurs with this recommendation. By September 30, 2024, Supervision will develop and implement the guidance and will provide training to relevant staff.

Recommendation 2: Develop a standardized process for SL&D and the regions to collaborate when providing supplemental ECP support to examiners who are preparing for the ECP.

The Bureau concurs with this recommendation. By September 30, 2024, Supervision will develop and implement a standardized process and will provide training to relevant staff.

Recommendation 3: Assess the current EIC CSA feedback process and determine how to enhance the feedback provided to examiners while safeguarding the content of the EIC CSA. Based on the results of the assessment, update guidance to clearly outline expectations for delivering specific, actionable EIC CSA feedback and develop and implement training on those expectations.

The Bureau concurs with this recommendation. By September 30, 2024, Supervision will conduct an assessment of the current feedback process, determine what enhancements should be made, update the guidance, and implement it. Supervision will also provide training to relevant staff.



Abbreviations

CDP	commissioning development plan
CSA	case study assessment
ECP	Examiner Commissioning Program
ECP Directive	<i>Directive 1320-A-D-041A Examiner Commissioning Program</i>
EIC	examiner in charge
MRA	Matter Requiring Attention
OSE	Office of Supervision Examinations
SEFL	Division of Supervision, Enforcement and Fair Lending
SL&D	Supervision Learning and Development

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