



Office of Inspector General

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

MEMORANDUM

DATE: November 4, 2025

TO: Christopher Chilbert
Chief Information Officer
Consumer Financial Protection Bureau

Martin Michalosky
Chief Administrative Officer
Consumer Financial Protection Bureau

FROM: Cynthia Gray 
Deputy Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Memorandum Report 2025-FMIC-C-013: *The CFPB Can Enhance Its Processes for Storing and Disposing of Its IT Asset Inventory*

Executive Summary

We initiated this audit in November 2024 to assess the Consumer Financial Protection Bureau's internal controls for receiving, inventorying, and disposing of information technology (IT) assets. Our scope included CFPB laptops, tablets, and smartphones not in use and held in inventory at CFPB headquarters.

We initiated this audit following a referral in July 2024 from our Office of Investigations regarding the CFPB's inability in 2022 to account for 74 of its 2,400 newly purchased laptops. Those laptops were believed to be lost or stolen due to potential control weaknesses during the receiving and inventorying processes, including receipt and verification of shipments conducted by one individual instead of two, limited security camera monitoring for equipment storage rooms, limited access monitoring for those storage rooms because of physical key entry rather than access card entry, untimely inventory processing of new laptops, and limited inventory verification practices. In 2024, the CFPB implemented additional controls and updated policies and procedures for receiving and securing IT assets. Our audit initially focused on assessing the CFPB's internal controls for receiving and inventorying IT assets from October 2023 through February 2025.¹

¹ This audit does not serve any investigatory purpose.

We found that the CFPB established and followed internal controls for receiving and inventorying its IT assets that addressed many of the potential control weaknesses observed during the investigation. Specifically, the CFPB performed dual verification of IT asset shipments, secured all storage rooms with access card readers, no longer stored laptops in parking garage storage rooms, and verified the entire inventory monthly. However, during our scoping activities, we noted that the CFPB maintained a large inventory of aging, unassigned IT assets, including laptops, smartphones, and tablets, secured in nine storage rooms totaling about 2,800 square feet in its headquarters building. As such, on February 3, 2025, we expanded our scope to include the CFPB's IT asset storage and disposal processes. On February 9, 2025, the week we planned to observe a scheduled disposal to assess the agency's information security practices for ensuring that all data had been removed from those assets before disposal, we were informed that CFPB leadership instructed employees to stop work and restricted access to the building. In light of the uncertainty as to when another disposal might be scheduled, we chose to stop our work and proceed to the reporting phase. Therefore, we are issuing this report despite not having completed all aspects of our intended work.

We found that the agency had designed certain internal controls for IT asset disposal, such as removing data and hard drives from devices, transferring hard drives to a vendor for disposal, and storing laptops without hard drives as well as tablets and smartphones in one of the nine storage rooms designated for equipment to be disposed.² However, the agency had not implemented key disposition and storage processes recommended by the U.S. General Services Administration (GSA) and the National Institute of Standards and Technology (NIST). As a result, the agency does not identify and dispose of IT inventory timely or store IT assets in a defined manner. Systematically organizing and better managing the reduction of the CFPB's IT asset inventory will help limit the risk of loss or theft, will reduce the physical space devoted to warehousing those assets and the labor hours associated with periodically inventorying those items, and will help ensure agency data is protected.

This memorandum report includes two recommendations to strengthen the CFPB's IT asset disposition and storage practices. We also note a matter for management's consideration related to the need for urgent action to address our recommendations, as the CFPB's workforce reduction action will likely result in an influx of returned IT assets that may further strain IT storage and asset disposition practices and create information security risks. In its response to our draft memorandum report, the CFPB concurred with our recommendations and outlined actions that will be taken to address the recommendations. We will follow up to ensure that the recommendations are addressed.

² We did not, as part of this audit, verify the effectiveness of these controls.

**Office of Inspector General**

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

Recommendations, 2025-FMIC-C-013, November 4, 2025

The CFPB Can Enhance Its Processes for Storing and Disposing of Its IT Asset Inventory

Finding: The CFPB's Existing Internal Controls for Inventorying and Disposing of Its IT Assets Do Not Include Key Storage and Disposal Processes

Number	Recommendation	Responsible office
1	<p>Update relevant policies or procedures to include processes for transitioning assets through the inventory life cycle, including</p> <ul style="list-style-type: none">a. identifying IT assets that have completed their life cycle as ready for disposal or requiring a justification for retaining those assets.b. establishing a schedule for asset disposal, implementing measures to monitor the asset disposal schedule, and reporting on the agency's progress for fulfilling disposal expectations once established.	Office of Technology and Innovation
2	<p>Update relevant policies or procedures to establish systematic methods for storing and organizing IT assets, including</p> <ul style="list-style-type: none">a. formally designating rooms for certain assets and defining and implementing security measures for each storage room based on the room's designated assets.b. organizing rooms to ensure that <i>in stock</i> assets containing hard drives are not mixed with those designated as <i>pending disposal</i> and creating a plan to systematically stage and prepare IT assets for disposal, including confirmation that the assets designated as <i>pending disposal</i> do not contain hard drives before disposing of them.	Office of Technology and Innovation, in coordination with Office of Administrative Operations

Objective

Our objective was to assess the CFPB's internal controls for receiving, inventorying, and disposing of IT assets. We defined the term *IT assets* to include laptops, tablets, and smartphones. Our audit covered IT assets that were not assigned to CFPB personnel from October 2023 through February 2025.³

We focused on the controls for preventing and detecting instances of missing IT assets and therefore did not review processes for attempting to locate missing assets or updating the status of those items. Further, we expanded our scope to include the asset storage and disposal process, including related information security practices that the agency used to confirm that all data had been removed from *pending disposal* IT assets. On February 9, 2025, the week we planned to observe a scheduled disposal and confirm that data had been removed from those assets, we were informed that CFPB leadership instructed employees to stop work and restricted access to the building. We are reporting our observations, but did not have an opportunity to complete our planned assessment of the internal controls related to confirming that data and hard drives had been removed from all *pending disposal* IT assets, including observing the destruction of hard drives.⁴ We chose to proceed to the reporting phase of our work in light of the uncertainty as to when another disposal might be scheduled.

Background

The Office of Technology and Innovation (T&I) oversees the CFPB's IT asset management operational activities, including physically securing, inventorying, and moving IT assets as directed. T&I representatives also acquire, assign, and dispose of IT assets.

The Office of Administrative Operations' (OAO) Facilities team oversees loading dock operations, including receiving IT asset shipments. OAO's Security team oversees the physical security of CFPB facilities and property.

Overview of the CFPB's Unassigned IT Assets

As of February 2025, about 1,671 of the CFPB's 6,460 laptops, smartphones, and tablets (26 percent) were unassigned; 926 of the 1,671 unassigned assets (55 percent) were categorized as *pending disposal*. T&I generally assigns one laptop and one smartphone per user (tablets are assigned for specific uses, such as mobile research, or for senior personnel).⁵ Table 1 provides an overview of the CFPB's unassigned IT assets in T&I custody.

³ Our scope was primarily focused on fiscal year 2024 and continued through 2025 to allow for observations and data retrieval that could only be obtained during the time we conducted our work.

⁴ In February 2025, the CFPB acting director issued a stop-work order to agency personnel, and the agency canceled the disposal. The agency did not reschedule the disposal following a court order in March 2025 directing the agency not to delete, destroy, or remove any data.

⁵ The CFPB's fiscal year 2024 workforce totaled 1,755 personnel, according to the CFPB's July 2025 No Fear Act report.

Table 1. Unassigned CFPB Laptops, Tablets, and Smartphones, February 2025

Asset type	Total unassigned assets	In stock	Pending disposal	Missing ^a	Other ^b
Laptop	1,161	524	548	15	74
Tablet	66	44	21	0	1
Smartphone	444	43	357	3	41
Total	1,671	611	926	18	116

Source: OIG analysis of a CFPB system-generated report from its IT asset inventory data system.

^a Includes IT assets that T&I reported as either (1) unverified inventory, because T&I was unable to locate them after two to three consecutive monthly inventories, according to a T&I representative, or (2) lost with no assigned user. The CFPB has a process for documenting and writing off missing IT assets; however, we did not include this process in our scope and instead focused on assessing the internal controls that prevent IT assets from being lost or stolen.

^b Includes IT assets undergoing maintenance, pending transfer, in transit, or in an unknown location. *In transit* refers to an asset that has been returned to T&I but has not yet been reclassified as *in stock*. *Unknown* assets are those that have not been located in an inventory reconciliation but have not yet been classified as *missing*. Seventeen of the 116 *other* assets had an unknown location; the remaining 99 assets were undergoing maintenance, pending transfer, or in transit. Following issuance of our discussion draft, the CFPB accounted for 15 of the 17 assets with a previously unknown location and the remaining 2 were reported as missing. We did not analyze the updated data to identify if any additional assets had an unknown location. The CFPB requires that the location of *other* assets be updated in its database; however, we did not include this process in our scope.

T&I maintains the following unassigned equipment:

- **Laptops.** Of the three asset types in our scope, T&I primarily stores laptops. The CFPB replaces laptops with newer models every 4 to 6 years, according to a T&I representative. The CFPB's most recent new laptop life cycle—which includes ordering new laptops and disposing of existing laptops—was from 2022 through 2024.
- **Smartphones.** According to a T&I representative, a service provider ships smartphones directly to users. All devices in T&I custody have been returned by users.
- **Tablets.** The CFPB has purchased a limited number of tablets for specific uses, such as mobile research, or for senior personnel. T&I also provides tablets as loaner devices.

The CFPB dedicates significant resources to maintaining its laptops, tablets, smartphones, and other IT equipment held in inventory, including (1) conducting and reporting on inventory monthly and (2) securing nine storage rooms totaling about 2,800 square feet. According to a CFPB official, T&I uses space as available and depending on storage needs; headquarters does not have one large storage room available to store all IT assets. We confirmed that OAO secures all nine rooms with badge readers and monitors seven rooms with security cameras, depending on what the room is intended to store. As of February 6, 2025, laptops, tablets, and smartphones were stored in the seven rooms with security cameras.

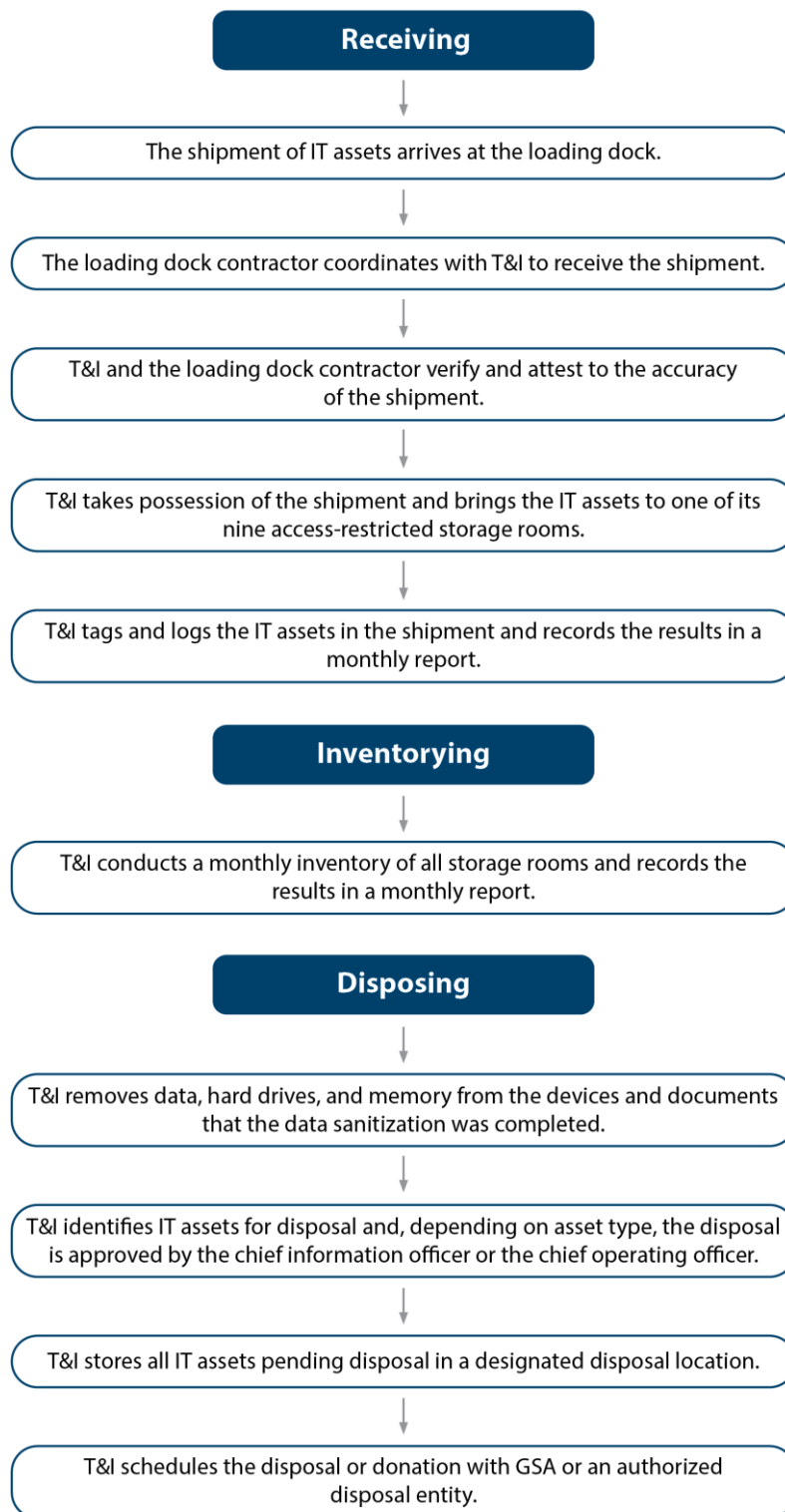
The following are the key stages in the IT asset life cycle:

- ***In stock.*** IT assets designated as *in stock* include recently purchased assets that have yet to be assigned to CFPB personnel or that have been previously assigned and returned to T&I. These assets have a remaining useful life and can be reassigned or used as loaner devices. Newly purchased IT assets are transferred from the loading dock to an IT storage room that has available capacity. T&I assigns a unique identifier to each asset and records it either within 24 hours of receipt for shipments with 25 or fewer IT assets, or within 5 business days for shipments with more than 25 IT assets. T&I does not assign a separate unique identifier to the laptops' hard drives, which contain CFPB data, nor do the *pending disposal* equipment shells have identifiers or other measures confirming that the IT assets have had hard drives removed. T&I's policy does not address its expectations for any measures to differentiate *pending disposal* equipment shells with hard drives removed from *in stock* assets, such as labeling individual assets to indicate that hard drives have been removed, grouping devices by planned disposal timing, or shrink-wrapping the pallets for assets that have completed the *pending disposal* staging process.
- ***Pending disposal.*** IT assets designated *pending disposal* are those that cannot be repaired or are designated as end of life. Once an asset is designated as *pending disposal*, T&I removes the data from the asset, including removing the hard drive from the laptop and transferring the hard drive to a vendor for disposal. The vendor provides T&I with a certificate of destruction once the hard drive is disposed. T&I verifies that laptops without hard drives as well as tablets and smartphones have the data removed and updates the asset records. These assets are then transferred to the one storage room designated for equipment to be disposed.

The CFPB's Processes for Managing IT Assets

The CFPB has established, in policies and procedures, some processes for receiving, inventorying, and disposing of IT assets (figure 1).

Figure 1. CFPB Processes for Receiving, Inventorying, and Disposing of IT Assets



Source: OIG compilation of CFPB policies and procedures.

Key Processes for IT Asset Management

GSA and NIST provide IT asset management guidance to federal agencies.⁶ In this guidance, GSA and NIST encourage the systematic organization of IT assets to help ensure that assets can be easily located, identified, and properly secured. Further, GSA encourages agencies to optimize the use of their IT assets to help ensure that the agencies have the right amount of devices to meet their needs and maximize their technology investment. We analyzed this guidance and identified key processes for storing and disposing of IT inventory (table 2).

Table 2. Key Processes for Storing and Disposing of IT Inventory

Key process	Recommending organization
IT inventory storage	
Develop storage methods to easily locate and identify IT assets.	GSA, NIST
Implement policies and procedures to address the physical protection of IT assets.	GSA, NIST
Excess IT inventory disposal	
Develop a system to identify unused and excess assets.	GSA
Require justifications to keep assets identified as unused and excess.	GSA
Dispose of assets timely.	GSA
Repurpose functional IT assets through donations to eligible nonprofit organizations, sales to the public, or transfer to another federal agency.	GSA

Source: OIG analysis of GSA and NIST guidance.

⁶ NIST's governmentwide guidance on IT asset management internal controls includes Special Publication 1800-5, *IT Asset Management*, and Special Publication 800-53, *Security and Privacy Controls for Information Systems and Organizations*. GSA's governmentwide guidance on interagency asset management includes its *Asset Management Review Guide* and Bulletin FMR B-34, *Disposal of Federal Electronic Assets*.

Finding: The CFPB's Existing Internal Controls for Inventorying and Disposing of Its IT Assets Do Not Include Key Storage and Disposal Processes

While we found that the CFPB established and followed certain internal controls for receiving, inventorying, and disposing of its IT assets, its policies for inventorying and disposing of IT assets should be strengthened to include processes recommended by GSA and NIST to reduce and systematically organize its inventory. T&I maintained a large inventory of unassigned IT assets, including 1,307 laptops, smartphones, and tablets—some of which had a warranty that expired more than 5 years ago. The assets were either *pending disposal* or *in stock* despite the agency's having no intention to redeploy them.⁷ Nine storage rooms totaling about 2,800 square feet are designated for storing IT equipment; one of these nine rooms has been designated for storing *pending disposal* laptops with previously removed hard drives. Promptly disposing of and systematically organizing IT assets can help the CFPB reduce the risk of assets being lost or stolen; ensure that *pending disposal* assets are properly differentiated from other assets with hard drives; and save resources currently dedicated to storing, securing, and inventorying IT assets available for disposal. In addition, IT assets could be identified as fit to donate to eligible nonprofit organizations, be sold to the public, or be transferred to another federal agency, as recommended by GSA.

The CFPB Established and Followed Certain Internal Controls over Its IT Inventory

The CFPB established and followed certain internal controls for receiving, inventorying, and disposing of IT assets.

Receiving

In each of the four IT asset deliveries in 2024, the loading dock contractor and the T&I contractor independently verified and attested to the number of IT assets received and then transferred possession of the assets. Additionally, for all the laptop and tablet shipments in our scope, T&I assigned each IT asset a unique identifier for tracking purposes within 1 business day, which met or exceeded the policy requirement to do so within 24 hours or 5 business days, depending on the size of the shipment.⁸

Inventorying

T&I uses an automated system to inventory each asset's location and status. Additionally, from October 2023 through January 2025, T&I issued monthly inventory reports that verified the status and location of unassigned assets.

⁷ The 1,307 laptops, tablets, and smartphones consist of 926 *pending disposal* assets and 381 *in stock* laptops with expired warranties.

⁸ During our scope period, the CFPB received two shipments of more than 25 laptops and two shipments with fewer than 25 tablets.

Disposing

In 2024, the chief information officer (CIO) or the chief operating officer signed memorandums approving three IT asset disposals totaling about 1,900 laptops, tablets, and smartphones, as required.⁹ Additionally, CFPB inventory data show that IT assets *pending disposal* were secured in the service desk room or the storage room for devices categorized as *pending disposal*.¹⁰ T&I procedures indicate that T&I removes data and hard drives from IT assets before they are categorized as *pending disposal* and updates the asset records. In addition, the disposal memorandum identifies the specific assets for disposal using the assets' unique identifiers to help ensure T&I only disposes of assets without data.¹¹

The CFPB Has Not Established Processes to Effectively Manage the Reduction of Its IT Asset Inventory

As of February 2025, T&I maintained a large inventory of unassigned IT assets, including 1,307 laptops, tablets, and smartphones that were either *pending disposal* or *in stock*—some of which had a warranty that expired more than 5 years ago. We found that T&I did not have sufficient processes to effectively reduce its overall inventory as recommended by GSA.

Disposing of IT Assets Timely

T&I policies do not include a process, monitoring activities, or a disposal schedule to ensure that the CFPB does not retain assets longer than necessary. As of February 2025, 926 of the 1,671 unassigned laptops, tablets, and smartphones (over 55 percent) were *pending disposal*. A T&I representative stated that T&I does not have a set disposal schedule for IT assets. Rather, the T&I representative indicated that it schedules a disposal when it has enough IT assets to fill a disposal pallet, which, for laptops, is about 200 units. We noted that the current disposal inventory of 926 assets would fill more than four and half pallets.

T&I's canceled February 2025 disposal of 206 IT assets would have left 720 *pending disposal* assets in T&I custody. The T&I representative could not explain why the 720 assets were not included in that scheduled disposal. After we shared a draft of our report with CFPB officials, they explained that the agency has been working to reduce the amount of assets in their inventory. A CFPB representative provided us additional disposal memos that had not been finalized when we previously requested disposal memos during our audit work. These memos indicated that the agency planned to dispose of more assets held in inventory before it was stopped due to a court order.¹²

A T&I representative stated that T&I's monthly inventory process—which includes verifying the presence of the 926 assets *pending disposal* in storage—takes multiple days to complete. Maintaining and tracking

⁹ In 2024, the CFPB finished replacing the organization's existing laptops with new laptops.

¹⁰ We were scheduled to observe a February 2025 disposal; however, the CFPB canceled the disposal in accordance with the stop-work order and, due to the March 2025 court order, did not reschedule it.

¹¹ Because the CFPB canceled the February 2025 disposal that we planned to observe, we were unable to confirm whether any of those assets contained CFPB data or had their hard drives removed.

¹² From October 2023 to February 2025, the CFPB disposed of, or planned to dispose of before it was stopped due to the court order, more than 2,000 laptops, tablets, and smartphones held in inventory.

fewer IT assets will improve the efficiency and effectiveness of the monthly inventory process and reduce T&I's storage space needs. Further, GSA has found that maintaining and securing assets identified for disposal for more than 180 days ultimately costs agencies more than disposing of them. GSA encourages agencies to repurpose their functional IT assets through donations to eligible nonprofit organizations, sales to the public, or transfer to another federal agency. Establishing a disposal schedule and monitoring results can help T&I timely dispose of excess assets, reduce the risk of assets being lost or stolen, and allow for the repurposing of assets that the CFPB no longer needs.

Identifying IT Assets for Disposal

T&I policies do not include a process either to identify IT assets that have exceeded their useful life or to justify their retention. Without such a process, T&I has a significant amount of unassigned IT assets with expired warranties. As of February 2025, 381 of the CFPB's 524 unassigned laptops (73 percent) had expired warranties, 130 of which expired more than 5 years ago, according to the CFPB's inventory data. T&I representatives explained that they use assets in this inventory as loaner devices and retain them until T&I determines that the devices are no longer supportable, are broken, or have completed their 4- to 6-year life cycle. However, during our walkthrough, we observed stacks of laptops from 2018, totaling 119 devices, that were labeled "Do Not Deploy" (figure 2). Even though T&I did not intend to deploy these laptops, which had completed their 4- to 6-year life cycle, the CFPB did not transition these laptops to *pending disposal*. According to a CFPB representative, an asset owner requested that these 2018 laptops be retained but not deployed until a decision on disposal was made and that the "Do Not Deploy" labels served as a reminder to refrain from recirculating them.

Figure 2. Laptops Marked “Do Not Deploy” in an *In Stock* Storage Room



Source: OIG, December 11, 2024.

Timely transitioning assets from *in stock* to *pending disposal* can help ensure inventory data is reliable for management decisionmaking about disposal. For example, current CFPB data indicates that the agency has 119 more laptops available for assignment than it actually does, which could result in suboptimal procurement and disposal timing decisions. Finally, requiring a retention justification for these assets will help T&I timely transition assets through the life cycle and ensure that assets are retained based on informed decisions regarding the usefulness of that asset.

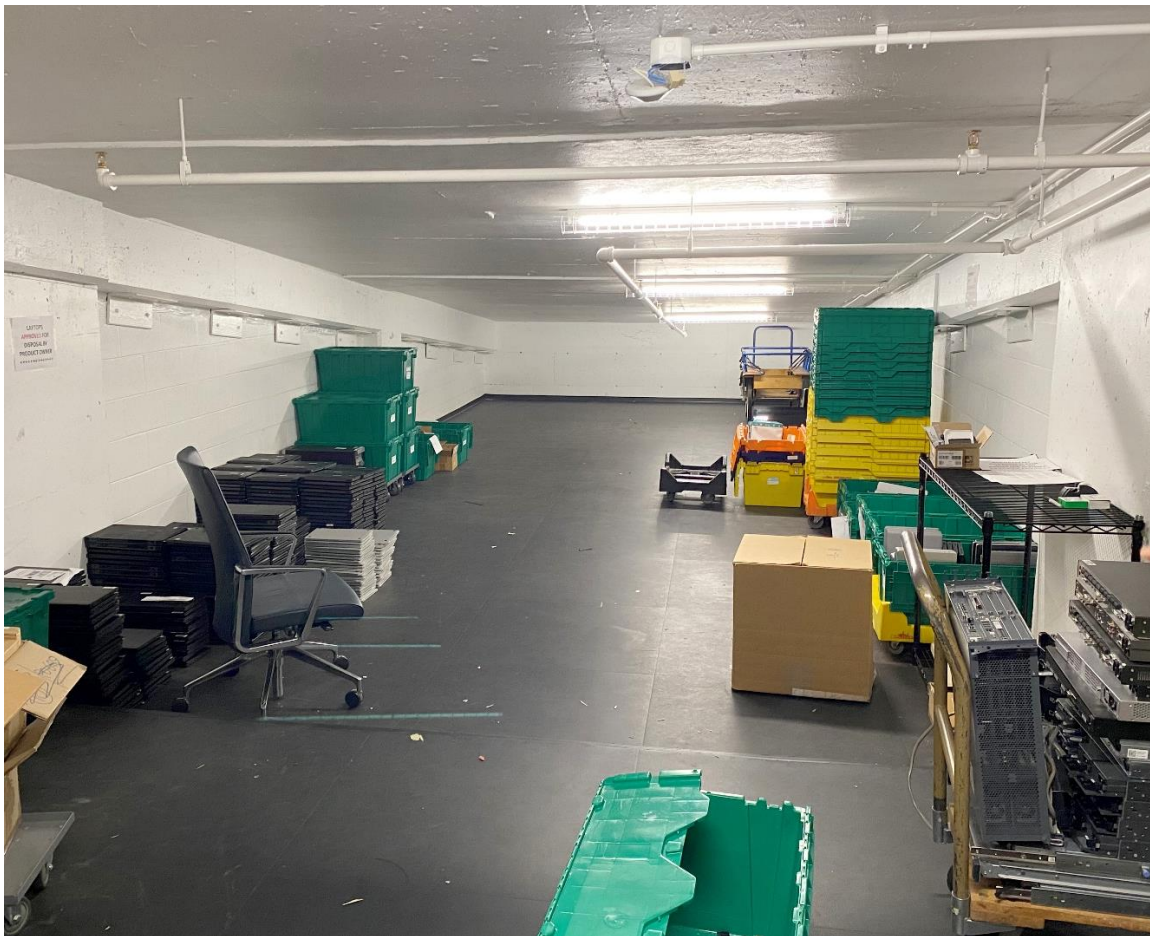
The CFPB Does Not Systematically Organize Its IT Inventory

T&I has nine storage rooms totaling about 2,800 square feet available for storing unassigned IT assets.¹³ In its policies, T&I does not have any defined storage methods to systematically locate and identify IT assets, as encouraged by GSA and NIST, nor does it always store asset types according to the informal designations for each of the nine storage rooms. For example, according to a T&I representative, two

¹³ At the time of our audit, two of the nine rooms did not contain laptops, smartphones, or tablets.

storage rooms are primarily designated to store laptops available to be assigned to users; however, in February 2025, we also found laptops available to be assigned in three other rooms. In addition, the CFPB stored IT assets *pending disposal* in one designated storage room (figure 3).

Figure 3. Storage Room for Assets Pending Disposal

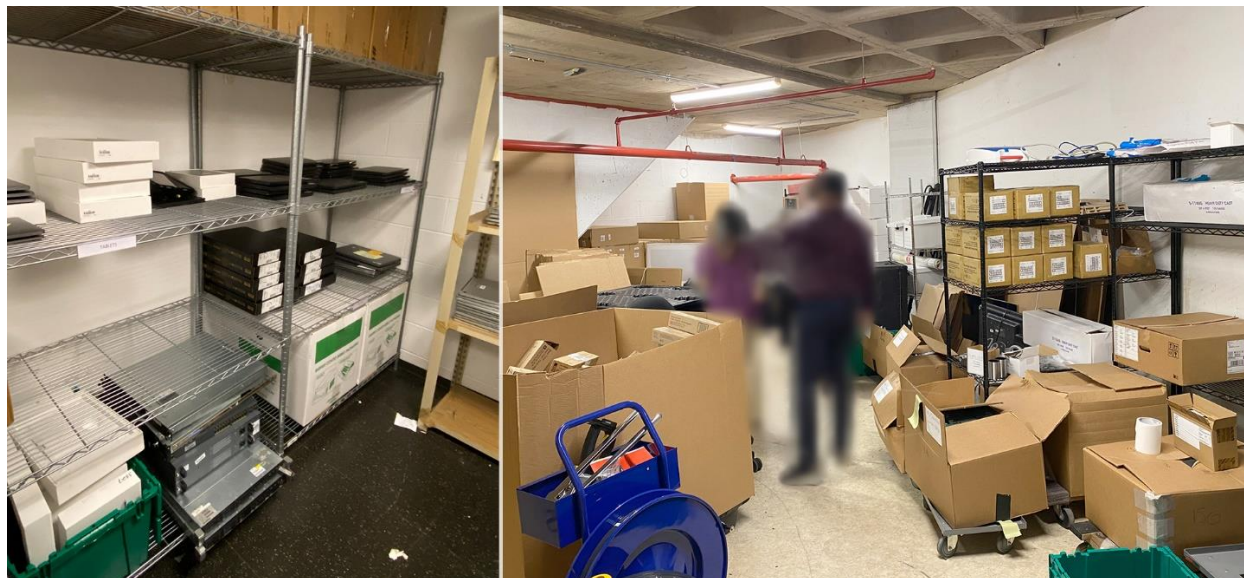


Source: OIG, December 11, 2024.

While the CFPB has established policies and procedures for approving, scheduling, and conducting asset disposals, they do not outline how IT assets should be systematically staged across the other storage rooms in preparation for eventual transition to the *pending disposal* storage room. The policies also do not address staging for eventual disposal within the *pending disposal* room. We observed that the laptops *pending disposal* in that room are loosely arranged, have not been placed on pallets or shrink-wrapped for disposal, and do not have identifiers or other measures confirming that their hard drives have been removed. The CFPB should consider staging this room in preparation for disposal, which might include labeling individual assets or other measures to indicate that hard drives have been removed, grouping devices by planned disposal timing, and shrink-wrapping the pallets for assets that have completed the pending disposal staging process.

Further, some rooms were organized haphazardly and contained a mix of IT assets, some of which are piled in cardboard boxes, making it difficult to easily identify the contents of each room (figure 4). A T&I representative explained that, in practice, rooms are selected to store assets primarily based on available space.

Figure 4. Storage of *In Stock* IT Assets



Source: OIG, December 11, 2024.

Room designations are particularly important because the CFPB determines its security measures based on the assets stored in those rooms. For example, the CFPB does not have cameras outside two of the nine storage rooms—both of which are in the parking garage—because those rooms did not contain laptops, tablets, or smartphones as of February 2025.¹⁴ However, because T&I has not formally staged the eight storage rooms that precede the *pending disposal* room, does not always store asset types according to its informal storage room designations, and makes storage room decisions primarily based on available space, T&I could place laptops, tablets, and smartphones in rooms without adequate security controls, increasing the risk of theft of CFPB data. Organizing the rooms is also important to ensure *in stock* assets containing hard drives are not mixed with those *pending disposal* without hard drives, which would increase the risk that T&I disposes of *in stock* laptops still containing CFPB data. Defining systematic storage methods as encouraged by GSA and NIST will help T&I more easily locate and identify IT assets and ensure that proper physical security measures have been implemented for each designated room. Doing so will reduce the resources—personnel time and physical space—dedicated to storing, securing, and inventorying IT assets no longer in use.

¹⁴ In the February 2025 inventory, these rooms stored larger IT assets, such as conference room monitors and other audiovisual equipment.

Recommendations

We recommend that the CIO

1. Update relevant policies or procedures to include processes for transitioning assets through the inventory life cycle, including
 - a. identifying IT assets that have completed their life cycle as ready for disposal or requiring a justification for retaining those assets.
 - b. establishing a schedule for asset disposal, implementing measures to monitor the asset disposal schedule, and reporting on the agency's progress for fulfilling disposal expectations once established.

We recommend that the CIO, in coordination with the chief administrative officer (CAO),

2. Update relevant policies or procedures to establish systematic methods for storing and organizing IT assets, including
 - a. formally designating rooms for certain assets and defining and implementing security measures for each storage room based on the room's designated assets.
 - b. organizing rooms to ensure that *in stock* assets containing hard drives are not mixed with those designated as *pending disposal* and creating a plan to systematically stage and prepare IT assets for disposal, including confirmation that the assets designated as *pending disposal* do not contain hard drives before disposing of them.

Management Response

In response to our draft report, the CIO and the CAO concur with our recommendations. Regarding recommendation 1, the CFPB plans to update its policies and procedures to identify IT assets ready for disposal or require a justification to retain the assets. It also plans to establish a schedule for asset disposal, monitor the schedule, and report on progress against that schedule. The CFPB expects to complete these actions by the end of the third quarter of fiscal year 2026. Regarding recommendation 2, the CFPB plans to update its policies and procedures to designate storage rooms for certain asset types, address hard drive removal verification, and document current asset staging locations by the end of the first quarter of fiscal year 2026.

OIG Comment

The actions described by the CIO and CAO appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed and may conclude that we need to conduct further work on this topic if an influx of IT asset returns occurs in the future.

Matter for Management Consideration

In light of the CFPB's workforce reduction action, the agency is likely to see an influx of thousands of IT assets returned. Such a possibility could create significant information security risks, magnifying the importance of a staging process that clearly differentiates *in stock* assets with hard drives from those *pending disposal* with hard drives that should have been removed. Without processes to reduce and systematically store its IT inventory, T&I may not be able to keep pace with the amount of incoming assets to ensure that data is properly removed, assets are tracked and secured, and disposal occurs as needed. The materiality of these risks warrants the agency's considering urgent action to accelerate the implementation of our recommendations. Preparing for such a contingency could, among other things, include ensuring that the next batch of *pending disposal* assets is as comprehensive as possible and implementing a systematic approach to the staging of the current rooms and any additional rooms to be used if such a contingency arises.

Scope and Methodology

In July 2024, we received a referral from our Office of Investigations regarding laptops that the CFPB could not account for due to potential control weaknesses in the agency's processes for receiving and inventorying IT assets. We initiated this audit in November 2024 to assess the CFPB's internal controls for receiving and inventorying CFPB laptops, tablets, and smartphones not in use and held in inventory at CFPB headquarters.¹⁵ Our audit covered selected IT asset management processes in place from October 2023 through February 2025, including policies and procedures updated in response to the unaccounted-for laptops. During our scoping activities, we noted potential risks outside our initial scope related to the agency's storage and disposal practices. As such, on February 3, 2025, we expanded our scope to include disposal processes and scheduled meetings to observe a disposal and confirm that data and hard drives were removed from the disposal assets for the week of February 10. However, on February 9, 2025, the CFPB canceled our meetings because CFPB leadership instructed employees to stop work and restricted access to the building. We chose to stop our work and proceed to the reporting phase. Therefore, we are issuing this report despite not having completed all our intended work.

To answer our objective, we did the following:

- To understand the agency's IT asset management practices and physical security measures, we reviewed CFPB policies and procedures for managing IT assets; interviewed representatives from T&I and OAO; and conducted a walkthrough of the relevant areas of the CFPB's headquarters building, including the loading dock where IT assets are received and IT asset storage rooms.
- To assess how T&I implements internal controls related to the receipt, inventory, and disposal processes, we reviewed signed forms that verify IT asset deliveries and approve IT asset disposal; observed an employee performing a monthly inventory of IT assets in one of the storage rooms primarily dedicated to laptops; reviewed monthly receiving reports to confirm that T&I tagged IT assets within required time frames; reviewed monthly inventorying reports to confirm that T&I performed monthly inventory reconciliations; and analyzed IT asset inventory data from

¹⁵ The 72 IT assets in inventory at the CFPB's four regional offices were outside our scope.

February 6, 2025, to identify the size, location, and status of the CFPB's IT asset inventory. We did not conduct a separate inventory to independently verify the inventory accuracy, review processes for attempting to locate and adjust the status of missing IT assets from the CFPB's asset records, or observe the disposal process or confirm whether data and hard drives were removed from assets pending disposal, including observing the destruction of hard drives. During the week of our scheduled verification of hard drive removal and observation of a planned disposal, T&I cancelled our meetings because CFPB employees were instructed to stop work and restricted access to the building; the disposal was not rescheduled during our audit period.¹⁶ We chose to complete our work and proceed to the reporting phase of our work. Finally, we identified leading practices for federal IT asset management by reviewing guidance from GSA and NIST and interviewing a GSA representative.¹⁷

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted this work from November 2024 to August 2025.

Conclusion

We have completed our report on the subject audit. We conducted this audit to assess the CFPB's internal controls for receiving, inventorying, and disposing of IT assets.

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

We appreciate the cooperation we received from your staff during our audit. Please contact me if you would like to discuss this memorandum report or any related issues.

Attachment

cc: Mark Paoletta
Daniel Shapiro
Mark Beaudette
Victoria Dorfman
Thomas McCarty
Miguel VenturaReyes
Irfan Malik
Stephanie Basham

¹⁶ We did not conduct a separate inventory to independently verify the inventory accuracy because of the CFPB's operational uncertainty at the time; we determined that performing a separate inventory would not affect our findings and recommendations. We scheduled an observation of a disposal in February 2025; however, the CFPB canceled the disposal and did not reschedule it.

¹⁷ We selected NIST because it issues governmentwide guidance on IT asset management internal controls, and we selected GSA because it is responsible for the administrative work of the federal government, such as centralized acquisition and technology services, and issues guidance for interagency asset management.

Len Benning
Larry Pauling
Jafnar Gueye
Adam Martinez
Jean Chang
Joy Brown
Richard Austin

Attachment

Management Response



1700 G Street NW, Washington, D.C. 20552
(855) 411-2372

October 27, 2025

Cynthia Gray
Deputy Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve Systems &
Consumer Financial Protection Bureau
20th and Constitution Avenue NW
Washington, DC 20551

Dear Ms. Gray,

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) draft report on the CFPB Can Enhance Its Processes for Storing and Disposing of Its IT Asset Inventory. We appreciate the Office of Inspector General's assessment of the Consumer Financial Protection Bureau's internal controls for receiving, inventory, and disposal of information technology (IT) assets. The review provided valuable insights into both the strength of our current processes and areas requiring further attention.

We recognize the progress made since the 2022 incident, including the implementation of additional controls such as dual verification of IT assets shipments, security camera monitoring, badge readers, and regular inventories verification practices. These measures demonstrate CFPB's commitment to improving accountability and protecting its assets.

At the same time, we acknowledge the issues identified during the scoping activities, including the unassigned assets, limitations on regular scheduled disposals, storage space management and assets lifecycle management. CFPB is committed to addressing the recommendations made by your office to the best of our ability.

consumerfinance.gov

Thank you for the professionalism and courtesy that you and all the OIG personnel showed throughout this review. Our response to the cited recommendation is below.

Sincerely,

CHRISTOPHER CHILBERT

Digitally signed by CHRISTOPHER
CHILBERT
Date: 2025.10.27 15:57:28 -04'00'

Christopher Chilbert
Chief Information Officer
Consumer Financial Protection Bureau

**MARTIN
MICHALOSKY**

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MICHALOSKY
Date: 2025.10.27 19:07:05 -04'00'

Martin Michalosky
Chief Administrative Officer
Consumer Financial Protection Bureau

Response to recommendations presented in the OIG Draft Report: *The CFPB Can Enhance Its Processes for Storing and Disposing of Its IT Asset Inventory.*

Recommendation 1: Update relevant policies or procedures to include processes for transitioning assets through the inventory life cycle, including:

- a. identifying IT assets that have completed their life cycle as ready for disposal or requiring a justification for retaining those assets.
- b. establishing a schedule for asset disposal, implementing measures to monitor the asset disposal schedule, and reporting on the agency's progress for fulfilling disposal expectations once established.

Management Response:

CFPB agrees with this recommendation. The CIO will update policies or procedures supporting identifying IT assets that have completed their life cycle and either identify them for disposal or require a justification for retaining those assets and establishing a schedule for asset disposal, implementing measures to monitor the asset disposal schedule, and reporting on the agency's progress for fulfilling disposal expectations once established. Documentation updates will be completed by the end of Q3 FY26.

Recommendation 2: Update relevant policies or procedures to establish systematic methods for storing and organizing IT assets, including:

- a. formally designating rooms for certain assets and defining and implementing security measures for each storage room based on the room's designated assets.
- b. organizing rooms to ensure that in stock assets containing hard drives are not mixed with those designated as pending disposal and creating a plan to systematically stage and prepare IT assets for disposal, including confirmation that the assets designated as pending disposal do not contain hard drives before disposing of them.

Management Response:

CFPB agrees with this recommendation. CFPB will formally designate storage rooms for certain assets consistent with space and resource constraints. In addition, CFPB has already updated its controls for managing IT assets. Specifically, all storage rooms currently have badge readers that can be used to monitor access, and monthly inventories of the spaces allow T&I to quickly identify and investigate inventory discrepancies. T&I will make updates to the Disposal SOP to address the verification of hard drive removal and document where assets that are pending disposal are currently being staged given current constraints. The documentation updates will be completed by the end of Q1 FY26.