



OFFICE OF INSPECTOR GENERAL

Audit Report

2016-FMIC-C-002

Collecting Additional Information Can Help the CFPB Manage Its Future Space-Planning Activities

February 3, 2016

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

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Abbreviations

CFPB	Consumer Financial Protection Bureau
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
OAO	Office of Administrative Operations
OIG	Office of Inspector General



Executive Summary:

Collecting Additional Information Can Help the CFPB Manage Its Future Space-Planning Activities

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Purpose

The Office of Inspector General conducted an audit to assess the Consumer Financial Protection Bureau's (CFPB) short-term and long-term space-planning activities to determine whether controls are in place to effectively manage the agency's space needs and associated costs. We focused on the CFPB's processes for planning, obtaining, and managing space for both its headquarters and regional offices.

Background

The CFPB's Office of Administrative Operations (OAO) is responsible for managing space for approximately 1,500 CFPB employees in its headquarters and regional offices. In fiscal year 2015, the CFPB budgeted \$29.6 million for its occupancy agreements for these offices, which includes \$10.0 million for temporary office space that is needed because the CFPB is renovating its headquarters building.

Findings

We identified controls that the OAO is using to plan for CFPB headquarters office space. Because the CFPB determined it does not have leasing authority, the OAO plans to continue to use the U.S. General Services Administration (GSA) for its future space procurement needs. To provide the CFPB with office space that meets its needs, GSA collects information to understand the CFPB's space requirements. Therefore, the CFPB could benefit from implementing a process for consistently collecting, maintaining, and using space-planning information to manage evolving regional office space needs and associated costs.

The U.S. Government Accountability Office highlights the importance of acquiring information about how office space is currently used in an environment of increased workforce mobility, and GSA notes the importance of receiving client agency information to develop space requirements. An OAO official noted that the office is not consistently collecting, maintaining, and using relevant regional information because of other priorities.

Implementing policies, procedures, or guidance that includes a process for collecting and maintaining information about the current use of office space may assist the OAO in effectively using office space in the short term. Further, this information can assist GSA in procuring the correct amount and type of space in the future to meet the long-term mission needs of the CFPB as well as to mitigate the risks associated with managing its space costs.

Recommendation

Our recommendation is designed to ensure that the CFPB consistently collects, maintains, and uses information about its evolving space needs to manage the agency's future space-planning activities and associated costs. In her response to our draft report, the Chief Administrative Officer concurs with our recommendation and outlines planned corrective actions to address our recommendation.

Summary of Recommendations, OIG Report 2016-FMIC-C-002

Recommendation number	Page	Recommendation	Responsible office
1	5	Implement agency-wide space-planning policies, procedures, or guidance that includes a process for <ol style="list-style-type: none">collecting and maintaining staffing and space usage information.using that information in the CFPB's short-term and long-term space-planning activities.	Office of Administrative Operations



OFFICE OF INSPECTOR GENERAL

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

February 3, 2016

MEMORANDUM

TO: Sartaj Alag
Chief Operating Officer
Consumer Financial Protection Bureau

FROM: Melissa Heist *Melissa Heist*
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2016-FMIC-C-002: *Collecting Additional Information Can Help the CFPB Manage Its Future Space-Planning Activities*

The Office of Inspector General (OIG) has completed its final report on the subject audit. We conducted this audit to assess the Consumer Financial Protection Bureau's (CFPB) short-term and long-term space-planning activities to determine whether controls are in place to effectively manage the agency's space needs and associated costs. We focused on the CFPB's processes for planning, obtaining, and managing space for both its headquarters and regional offices.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendation. We have included your response as appendix B in our report.

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

cc: Suzanne Tosini, Chief Administrative Officer
Stephen Agostini, Chief Financial Officer
J. Anthony Ogden, Deputy Inspector General

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Introduction

Objective

The Consumer Financial Protection Bureau's (CFPB) Office of Administrative Operations (OAO) is responsible for managing space for approximately 1,500 CFPB employees in its headquarters and regional offices. In fiscal year 2015, the CFPB budgeted \$29.6 million for its occupancy agreements for these offices, which includes \$10.0 million for temporary office space that is needed because the CFPB is renovating its headquarters building. As such, the Office of Inspector General (OIG) conducted an audit to assess the CFPB's short-term and long-term space-planning activities to determine whether controls are in place to effectively manage the agency's space needs and associated costs. We focused on the CFPB's processes for planning, obtaining, and managing space for both its headquarters and regional offices.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the CFPB as an independent bureau within the Federal Reserve System. The Dodd-Frank Act requires the CFPB's principal office to be in Washington, DC, and states that the Director of the CFPB may establish regional offices, including in cities in which the Federal Reserve Banks are located. To date, the CFPB has established its headquarters in Washington, DC, and has established four regional offices.

The CFPB's Space-Planning Activities

The CFPB's long-term space-planning activities include managing agreements for its headquarters office space in Washington, DC, as well as for three of its four regional offices. These three regional locations are Northeast (New York City), West (San Francisco), and Midwest (Chicago). The CFPB's short-term space-planning activities include managing the temporary office space its employees are occupying during the renovation of its headquarters and planning for supplemental headquarters space and the Southeast regional office.

Washington, DC, Locations

The CFPB houses its headquarters employees in multiple offices in Washington, DC. In October 2011, the CFPB began occupying its official headquarters building, at 1700 G Street NW, which is currently vacant while it is being renovated. To accommodate headquarters employees during the renovation, the CFPB began occupying temporary office space at 1275 First Street NE in May 2014. In addition, the CFPB entered an agreement to occupy supplemental office space at 1625 I Street NW in April 2012, because the official headquarters building cannot accommodate all headquarters employees.

Regional Locations

The CFPB began the process of acquiring its regional offices just a few months after it began operating in July 2011 and during a period of rapid workforce growth. The CFPB initiated the procurement processes for both the Northeast and West regional offices in October 2011 and for the Midwest regional office in March 2013. The CFPB plans to obtain space for its Southeast regional office once a city is chosen.

The regional offices house employees from multiple CFPB organizational units; each organizational unit is responsible for managing its own regional employees.¹ In addition, the regional offices house a mix of office-based and home-based employees as well as visiting employees. Some of the home-based employees are assigned dual-occupancy offices, while others use available hoteling space.² The regional offices also host training sessions and large meetings.

The CFPB's Space-Planning and Acquisition Process

The OAO acquires and manages office space for the CFPB's headquarters and regional employees. Because the CFPB has determined that it does not have independent leasing authority, the OAO works with agencies that have leasing authority to obtain space.³ The American Institute of Architects⁴ notes that space planning involves consideration of multiple factors, including

- organizational structure and relationships
- space allocation criteria
- auxiliary and support space
- building security
- flexibility for accommodating future space needs

The CFPB acquired its headquarters office space at 1700 G Street NW and its supplemental headquarters space at 1625 I Street NW through agreements with the Office of the Comptroller of the Currency and the Federal Housing Finance Administration, respectively. The CFPB entered into the agreements for both locations soon after the agency began its operations. The CFPB's current agreement for the 1625 I Street NW office space expires in June 2020, and the CFPB plans to replace that space with new, long-term supplemental space prior to the expiration of that agreement.

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1. Organizational units located in the regional offices include the Office of Supervision, the Office of Enforcement, and the Office of Fair Lending.
 2. *Hoteling space* is nondedicated, nonpermanent workspace assigned for use on an as-needed basis.
 3. According to a CFPB Legal Division official, the CFPB has determined that it does not have independent leasing authority because (1) the Dodd-Frank Act provides that the CFPB is subject to all federal property laws, which suggests that the agency is not independent in its activities related to federal property and (2) the Dodd-Frank Act does not specifically grant independent leasing authority to the CFPB.
 4. Gretchen Addi and Jacqueline Lytle, "Space Planning," excerpt from *The Architect's Handbook of Professional Practice*, 13th edition, American Institute of Architects, 2000.

The CFPB acquired its regional office space and its temporary office space at 1275 First Street NE through occupancy agreements with the U.S. General Services Administration (GSA). An OAO official noted that the CFPB plans to continue to use GSA for its future space needs, including to replace its supplemental headquarters office space and to acquire its Southeast regional office space.

During its process for obtaining space for client agencies,⁵ GSA collects, develops, and documents space-related requirements from the client agency through the use of GSA standardized tools, templates, and guidance. GSA attempts to satisfy new requests for space by reassigning available space in its inventory. If federally controlled space is not available, GSA will lease or build space to meet the client agency's requirements. GSA's ability to deliver space that will meet the client agency's needs depends on the information the client agency provides as well as other factors, such as financial and real estate market constraints.

The OAO official responsible for determining office space requirements stated that she uses projected headcounts in the current budget to complete the space request documents the CFPB provides to GSA. We were also informed that regional managers are asked to provide input on requirements.

5. GSA provides information regarding this process in its *Customer Guide to Real Property* and *PBS Leasing Desk Guide*.

Finding: The CFPB Should Develop a Process to Consistently Collect Space-Planning Information

We identified controls that the OAO is using to plan for CFPB headquarters office space. The OAO could benefit, however, from implementing a process for consistently collecting, maintaining, and using space-planning information to manage evolving regional office space needs and associated costs. The U.S. Government Accountability Office (GAO) highlights the importance of acquiring information about how office space is currently used, and GSA notes the importance of receiving client agency information to develop space requirements. An OAO official noted that the office is not consistently collecting, maintaining, and using relevant regional information because of other priorities. Implementing policies, procedures, or guidance that includes a process for collecting and maintaining information about the ongoing use of office space may assist the OAO in effectively using office space in the short term. Further, this information can assist GSA in procuring the correct amount and type of space in the future to meet the long-term mission needs of the CFPB as well as to mitigate the risks associated with managing its space costs.

The OAO Has Taken Actions to Support Planning for the CFPB's Headquarters Office Space

The OAO has taken several steps to plan for the CFPB's headquarters office space. The OAO formed a space committee to help address challenges with headquarters office space. These challenges include procuring supplemental headquarters space to replace 1625 I Street NW, providing assistance for the renovation of the official headquarters at 1700 G Street NW, and resolving other space issues. Given that the CFPB is planning to replace its supplemental headquarters space, the space committee used a model to determine the appropriate allocation of divisions between 1700 G Street NW and the future supplemental headquarters space. The model considers factors such as headcount, workspace requirements, and capacity of the headquarters building. Because not all decisions regarding the allocation of headquarters space were finalized at the time of our fieldwork, we did not have the opportunity to test the effectiveness of these actions.

The OAO Should Develop a Process to Plan for the CFPB's Regional Office Space

The OAO does not have a process for consistently collecting, maintaining, and using information to help make future regional space-planning decisions. For example, a complete headcount for each regional office, including whether regional employees have office-based or home-based duty locations, was not available. In addition, information regarding how regional space is being used, such as hoteling usage data for home-based employees, is not currently being collected by the OAO. We noted that the Midwest regional office has a process for assigning hoteling space and was able to provide us with hoteling usage data. Conversely, the Northeast and West regional offices, which operate on a first-come, first-served basis, do not collect this information.

GAO identified in an October 2013 report that acquiring information about how office space is currently used is important in achieving space efficiencies in an environment of increased workforce mobility.⁶ GAO states that by measuring how existing space is being used, organizations are better positioned to determine how much space they really need. In addition, GAO's *Standards for Internal Control in the Federal Government* states that management should (1) use quality information to achieve the entity's objectives, (2) internally communicate the necessary quality information to achieve the entity's objectives, and (3) externally communicate the necessary quality information to achieve the entity's objectives.

GSA also highlights the importance of receiving client agency information so that GSA can develop agency requirements and procure the correct amount and type of space in a location that will meet the mission needs of the agency. GSA guidance notes that its ability to deliver space that will meet a client agency's needs directly correlates to how well GSA understands the client's requirements. GSA's space request templates include specific questions regarding office work arrangements as well as telework programs.

An OAO official noted that the office is not consistently collecting, maintaining, and using relevant regional information because the CFPB needed to focus its resources elsewhere. The CFPB could benefit, however, from a consistent process to effectively manage its space needs and associated costs. Specifically, implementing policies, procedures, or guidance that includes a process for collecting and maintaining information about how office space is used may help the OAO ensure that the CFPB is using all its current office space effectively in the short term. In addition, the OAO should provide GSA with this information to assist GSA in procuring the correct amount and type of space in the future to meet the long-term mission needs of the CFPB.

Given that the CFPB is currently in the process of planning for the Southeast regional office and supplemental headquarters office space, collecting information on staffing and hoteling usage may be valuable for these short-term space-planning activities. In addition, although the CFPB has obtained long-term space for its headquarters, Northeast, West, and Midwest offices, the OAO should collect this space-planning information for those offices as well, to inform its decisions when those occupancy agreements expire.

Recommendation

We recommend that the Chief Administrative Officer

1. Implement agency-wide space-planning policies, procedures, or guidance that includes a process for
 - a. collecting and maintaining staffing and space usage information.
 - b. using that information in the CFPB's short-term and long-term space-planning activities.

6. U.S. Government Accountability Office, *Selected Agencies Plan to Use Workforce Mobility to Reduce Space, but Most Efforts Are Too New to Have Realized Savings*, GAO-14-41, October 17, 2013.

Management's Response

In her response to our draft report, the Chief Administrative Officer concurs with our recommendation and welcomes the recommended improvements to enhance regional office space planning. The Chief Administrative Officer notes that the CFPB is in the process of developing internal guidance to address our recommendation.

OIG Comment

We believe that the actions described by the Chief Administrative Officer are responsive to our recommendation. The OIG intends to follow up on the CFPB's actions to ensure that the recommendation is fully addressed.

Appendix A

Scope and Methodology

To accomplish our objective, we identified the CFPB's occupied and planned office space for its headquarters offices in Washington, DC, as well as for its regional offices. We also interviewed officials from the OAO, the regional offices, and GSA and reviewed space-planning documentation, including the following:

- occupancy agreements and interagency agreements
- tenant improvement cost information
- Investment Review Board submissions and approvals
- the National Treasury Employees Union agreement on space allocation
- the CFPB's human capital plan and headcount data
- GSA policies and procedures for leasing space
- CFPB space requests and requirements sent to GSA

We limited our scope to include occupied offices with agreements that continued through our fieldwork phase. Therefore, our scope included the following locations:

- Official headquarters (1700 G Street NW, Washington, DC)
- Supplemental headquarters space (1625 I Street NW, Washington, DC)
- Temporary headquarters space (1275 First Street NE, Washington, DC)
- West regional office (San Francisco, California)
- Midwest regional office (Chicago, Illinois)
- Northeast regional office (New York, New York)

For office space obtained through GSA, we assessed the process for determining space requirements, selecting space, and funding tenant improvements. For the office space obtained through the Office of the Comptroller of the Currency and the Federal Housing Finance Administration, we reviewed documents related to the allocation of employees during the renovation and after the renovation and assessed the status of headquarters office space.

We conducted our fieldwork from July 2014 to January 2015 and from May 2015 to August 2015. Our audit was suspended from February 2015 to April 2015. We conducted this 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B Management's Response



1700 G Street NW, Washington, DC 20552

January 29, 2016

Ms. Melissa Heist
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th and Constitution Avenue
Washington, DC 20551

Dear Ms. Heist,

Thank you for the opportunity to review your draft report, *Collecting Additional Information Can Help the CFPB Manage Its Future Space-Planning Activities*. We have reviewed the report and concur with the recommendation.

We are pleased that your review affirms the controls in place with respect to CFPB headquarters space planning and welcome the recommended improvements to enhance regional office space planning. We are in the process of developing internal guidance to standardize the collection and maintenance of staffing and space usage data in the regions in order to more consistently utilize this data in the Bureau's short-term and long-term space planning activities. The policy and procedures will focus on the hoteling and training space available in the regions. We anticipate that the policy and related procedures will be in place by September 2016.

We appreciate the amount of work that went into conducting your review and preparing this report. Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink, which appears to read "Suzanne Tosini".

Suzanne Tosini
Chief Administrative Officer

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