

## Office of Inspector General

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

# Work Plan

Current as of January 1, 2024





# Overview

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The *Work Plan* presents the audits and evaluations that we are conducting to assist the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau in fulfilling their respective missions. Our statutory mandates are our highest priority, and with our remaining resources, we focus on those programs and operations in which potential deficiencies pose the highest risk to the Board and the CFPB in achieving their strategic goals, objectives, and priorities; meeting budgetary and financial commitments; and complying with applicable laws, regulations, and guidance.

The *Work Plan* is updated quarterly. Each project is categorized as *initiated*, *in development*, or *planned*.

- **Initiated:** The project is underway; the description of the project includes the calendar quarter in which we expect to complete the project.
- **In development:** The project team is determining the project's scope and completion date.
- **Planned:** The project has been identified by our office, and formal work has not yet begun.

Each quarter, projects that are new or have been updated, postponed, canceled, terminated, suspended, or issued as reports are marked as such. For a list of issued reports, please view the [Audit Reports page](#) on our website.

We also label the work we are conducting that is related to the Board's and the CFPB's COVID-19 pandemic response activities. This Pandemic Response Oversight label appears below the project title, or below the completion quarter for initiated projects.

We may be required to perform unanticipated work based on congressional or agency requests, sector- or industry-specific events, OIG Hotline complaints, new statutory mandates, or other inputs. In addition, our findings on completed projects may cause us to reassess our audit plan and prioritize new work. Such work, as well as resource constraints, may result in our deferring, canceling, or modifying projects. Our effectiveness depends on our flexibility to address other priorities as they arise.

For congressional, media, or other inquiries, please email [oig.media@frb.gov](mailto:oig.media@frb.gov).



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# Board: Initiated Projects

with calendar quarter of expected completion

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## Evaluation of the Board's Intelligence Program ISSUED

**Fourth quarter 2023**

We are evaluating the Board's intelligence program with an expected focus on policies and procedures, training materials, and information-sharing practices.

The results of this review were communicated to the Board in a restricted-distribution report.

## Evaluation of the Federal Reserve System's Loan Administration Processes for Its Main Street Lending Program (MSLP) ISSUED

**Fourth quarter 2023**

### **Pandemic Response Oversight**

In response to the COVID-19 pandemic, the Board established the MSLP—composed of five different lending facilities—to facilitate lending to small and medium-sized for-profit and nonprofit organizations. Through the MSLP, the Federal Reserve Bank of Boston is responsible for administering the loans, including assessing overall credit risk and identifying substandard loans. We are assessing the MSLP's processes for loan administration, including the design and operating effectiveness of internal controls.

## Security Control Review of a Videoconferencing Platform Used by the Board ISSUED

**Fourth quarter 2023**

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the Board's information security program, we tested selected security controls for a videoconferencing platform used by the Board. The Board promoted the use of the platform as a way for

staff to collaborate with external parties during the COVID-19 pandemic and the agency's subsequent hybrid work environment.

The results of this review were communicated to the Board in a restricted-distribution memorandum report.

## Audit of the Board's Financial Statements as of and for the Years Ended December 31, 2023 and 2022

**First quarter 2024**

We contracted with an independent public accounting firm to audit the financial statements of the Board. We are overseeing the activities of the independent public accounting firm to ensure compliance with generally accepted government auditing standards and Public Company Accounting Oversight Board auditing standards related to internal controls over financial reporting.

## Audit of the Federal Financial Institutions Examination Council's (FFIEC) Financial Statements as of and for the Years Ended December 31, 2023 and 2022

**First quarter 2024**

The Board performs the accounting function for the FFIEC, and we contracted with an independent public accounting firm to audit the financial statements of the FFIEC. We are overseeing the activities of the independent public accounting firm to ensure compliance with generally accepted government auditing standards.

## Material Loss Review of Heartland Tri-State Bank

**First quarter 2024**

In July 2023, the Kansas Office of the State Bank Commissioner (OSBC) closed Heartland Tri-State Bank, a state member bank located in Elkhart, Kansas, and

supervised by the Federal Reserve Bank of Kansas City. The OSBC named the Federal Deposit Insurance Corporation as receiver. In August, we received notice that the estimated loss to the Deposit Insurance Fund exceeded the threshold for a material loss. Accordingly, our project is a material loss review.

## Security Control Review of the Board's Embargo Application UPDATED

### First quarter 2024

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the Board's information security program, we tested selected security controls for the embargo application. The application allows media to use an electronic connection to access documents posted on the Board's public website in advance of publication. Because of the sensitive nature of our information security work, the detailed testing results for the embargo application will be transmitted to the Board in a separate, restricted report.

## Security Control Review of the Project Collection System

### First quarter 2024

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the Board's information security program, we tested selected security controls for the Project Collection System (PCS). The PCS provides for the secure collection of economic projects from Federal Open Market Committee participants. Because of the sensitive nature of our information security work, the detailed testing results for the PCS will be transmitted to the Board in a separate, restricted report.

## Audit of the Board's Hiring Practices and Their Effect on Workforce Diversity

### Second quarter 2024

The Board's activities affect the lives of every American, and its continued success depends on its ability to attract a talented and diverse workforce that is representative of our nation's diversity. We are assessing the Board's hiring processes and procedures and examining the effect that the Board's hiring practices may have on workforce diversity.

## Evaluation of the Federal Reserve System's Paycheck Protection Program Liquidity Facility (PPPLF)

### Second quarter 2024

#### Pandemic Response Oversight

In response to the COVID-19 pandemic, the Board established the PPPLF to extend credit to financial institutions that originate loans through the U.S. Small Business Administration's guaranteed Paycheck Protection Program (PPP), taking the PPP loans as collateral. The PPPLF, managed by the Federal Reserve Bank of Minneapolis and operated out of the 12 Federal Reserve Banks, distributed billions of dollars to eligible lenders. We are assessing the effectiveness of the System's internal controls for PPPLF processes related to (1) identifying and managing risk and unresolved loans, (2) addressing nonpayment, and (3) detecting and mitigating fraudulent collateral.

## Monitoring of the Federal Reserve's Lending Programs

### Ongoing

#### Pandemic Response Oversight

In response to the economic effects of the COVID-19 pandemic, the Federal Reserve created new lending programs to provide loans to employers, certain businesses, and communities across the country to support the U.S. economy. Specifically, the following programs were created: the Main Street Lending Program, the Paycheck Protection Program Liquidity Facility, the Municipal Liquidity Facility, the Primary Market Corporate Credit Facility, and the Secondary Market Corporate Credit Facility. We initiated an active monitoring effort of these programs to gain an understanding of the operational, governance,

reputational, and financial matters associated with them. Through this monitoring effort, we refine our focus on the programs and identify areas for future audits or evaluations.



# Board: Projects in Development

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## **Calendar Years 2022–2023 Risk Assessment of the Board’s Purchase Card Program**

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of their agency’s purchase card programs. The objective of our risk assessment is to analyze the risks of illegal, improper, or erroneous purchases and payments associated with the Board’s purchase card program. We will use the results of the risk assessment to determine the frequency and scope of future OIG purchase card audits.



# Board: Planned Projects

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## Audit of the Board's Contract Solicitation, Selection, and Award Processes

The Division of Financial Management's Procurement function is responsible for overseeing the Board's contract solicitation, selection, and award processes. The Board needs strong controls to ensure that it acquires goods and services timely and at reasonable prices. We will assess the effectiveness of the Board's contract solicitation, selection, and award processes, including the Board's compliance with applicable laws, regulations, and internal policies and procedures.

## Audit of the Board's Oversight of Federal Reserve Bank Reviews of Master Account Requests <sup>NEW</sup>

Each Reserve Bank is responsible for reviewing requests from financial institutions for master accounts. Obtaining a master account provides financial institutions direct access to the Federal Reserve's payment services, including collecting and clearing checks, distributing and receiving cash and coin, and wire transfers. In August 2022, the Board finalized guidelines to support consistency in how the Reserve Banks' evaluate master account requests. We will assess the Board's oversight of Reserve Bank reviews of master account requests under the new guidelines.

## Audit of the Board's Travel Card Program <sup>NEW</sup>

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic audits of their agency's travel card or convenience check programs. We plan to assess the internal controls related to the Board's travel card program.

## Board Security Control Reviews

The Federal Information Security Modernization Act of 2014 requires that each agency inspector general evaluate a representative subset of their agency's information systems, including third-party systems. To meet this requirement, we will conduct security control reviews of a sample of the Board's information

systems throughout the year. We will use automated audit scanning tools to assist with conducting the reviews.

## Calendar Year 2023 Risk Assessment of the Board's Government Travel Card Program <sup>SUSPENDED</sup>

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of their agency's travel card or convenience check programs. The objective of our risk assessment is to analyze the risks of illegal, improper, or erroneous purchases and payments associated with the Board's travel card program to determine an overall risk level for the program. We will use the results of the risk assessment to determine the frequency and scope of future OIG travel card audits.

We are planning an audit of the Board's travel card program (see "Audit of the Board's Travel Card Program"); therefore, this risk assessment will not be conducted for calendar year 2023.

## Evaluation of the Board Office of Diversity and Inclusion's (OD&I) Approach to Diversity Initiatives Across the Federal Reserve System <sup>POSTPONED</sup>

While OD&I has several objectives specific to the Board, it also provides oversight of the Federal Reserve Banks' equal employment opportunity (EEO) and diversity programs and initiatives. As noted in the *Federal Reserve Administrative Manual*, OD&I responsibilities in this area include reviewing Reserve Banks' EEO programs and making recommendations for improvement where appropriate. In addition, OD&I advises the Reserve Banks in their efforts to develop women and minorities for managerial and official positions, among other responsibilities. We will assess OD&I's oversight and advisory role in the Reserve Banks' EEO and diversity initiatives and identify any opportunities to enhance OD&I oversight and advisory effectiveness.



## Evaluation of the Board's Adoption of Cloud Computing Solutions (Phase 2)

Federal agencies, including the Board, are increasingly implementing cloud computing–based systems to meet their business needs. Cloud computing refers to a model for enabling convenient, on-demand network access to a shared pool of configurable resources (for example, networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. We are performing this evaluation in two phases. For phase 2 of the evaluation, we plan to review the Board's cloud implementation strategy, data governance processes for moving data to the cloud, and enhancements being made to the Security Assurance for the Federal Reserve Trust Model.

use the results from our audit to respond to the Office of Management and Budget's fiscal year 2024 FISMA reporting metrics for inspectors general.

## Evaluation of the Board's Processes for Appointing and Approving Federal Reserve Bank Leaders

The 12 Reserve Banks execute the day-to-day operations of the Federal Reserve System. A nine-member board supervises each Reserve Bank and comprises (1) three class A directors elected by member banks to represent the stockholding banks, (2) three class B directors elected by member banks to represent the public, and (3) three class C directors appointed by the Board to represent the public. The Board is also responsible for approving the appointment of Reserve Bank presidents and first vice presidents. In recent years, the System has worked to increase the overall diversity of Reserve Bank leadership. We will assess the Board's process for appointing and approving Reserve Bank leaders, including its consideration of diversity and inclusion.

## 2024 Audit of the Board's Information Security Program <sup>NEW</sup>

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their respective agency's information security program and practices. To meet FISMA requirements for 2024, we plan to conduct an audit of the Board's information security program. Our planned objectives are to evaluate the effectiveness of the Board's (1) security controls and techniques for selected information systems and (2) information security policies, procedures, standards, and guidelines. We also plan to



# CFPB: Initiated Projects

with calendar quarter of expected completion

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## **Audit of the CFPB's Healthcare Benefits Administration Process**

### **First quarter 2024**

Employee healthcare benefits are a growing driver of federal agency budget expenditures. Appropriate control processes can help limit the costs of these benefits programs by ensuring participant eligibility. We are examining whether the CFPB effectively ensures that covered individuals—including employee dependents—are eligible for CFPB healthcare benefits, and we are seeking to identify any internal control deficiencies in agency processes that determine participant eligibility.

## **Evaluation of the CFPB's Approach to Assessing Independence and Mitigating the Risk of Conflicts of Interest**

### **First quarter 2024**

The CFPB's Division of Supervision, Enforcement and Fair Lending (SEFL) is responsible for ensuring compliance with federal consumer financial laws by supervising market participants and bringing enforcement actions where appropriate. To fulfill this responsibility, it is important to ensure that SEFL staff are independent and objective in executing their oversight activities. We are assessing whether the CFPB promotes a focus on independence and has policies, procedures, and controls to mitigate the risk of conflicts of interest among SEFL staff.

## **Evaluation of the CFPB's Process for Conducting Enforcement Investigations**

### **First quarter 2024**

The Dodd-Frank Act authorizes the CFPB to take appropriate enforcement actions to address violations of federal consumer financial laws. The CFPB's Division of Supervision, Enforcement and Fair Lending is responsible for this function and conducts investigations to assess whether financial institutions are complying with applicable federal consumer financial laws. According to the CFPB's 2022 performance plan and report, filing enforcement

actions timely is an important measure of the CFPB's effectiveness because timely filing is a deterrent and provides consumers with greater protections. The report also details a performance goal for the expected time frame for filing or settling an enforcement action following the initiation of an investigation. We are assessing the Division of Supervision, Enforcement and Fair Lending's process for conducting enforcement investigations.

## **Security Control Review of a Videoconferencing Platform Used by the CFPB**

### **First quarter 2024**

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the CFPB's information security program, we contracted with an independent public accounting firm who tested selected security controls for a videoconferencing platform used by the CFPB. Because of the sensitive nature of our information security work, the detailed testing results for the platform will be transmitted to the CFPB in a separate, restricted report.

## **Security Control Review of Microsoft 365**

### **First quarter 2024**

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the CFPB's information security program, we contracted with an independent public accounting firm to test selected security controls for the CFPB's use of Microsoft 365. The CFPB uses Microsoft 365 to provide its employees with a variety

of productivity-oriented applications, such as email and Microsoft Teams, Word, Excel, PowerPoint, and SharePoint Online. Because of the sensitive nature of our information security work, the detailed testing results for Microsoft 365 will be transmitted to the CFPB in a separate, restricted report.

## Security Control Review of the Consumer Response System

### First quarter 2024

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their agency's information security program and practices, to include testing the effectiveness of controls for selected systems. As part of our 2023 FISMA audit of the CFPB's information security program, we contracted with an independent public accounting firm to test selected security controls for the Consumer Response System (CRS). The CFPB uses the CRS to receive, intake, and process complaints, inquiries, and feedback from consumers about financial products and services. Because of the sensitive nature of our information security work, the detailed testing results for the CRS will be transmitted to the CFPB in a separate, restricted report.

## Audit of the CFPB's Civil Penalty Fund Allocation and Disbursement Process

### Second quarter 2024

The Dodd-Frank Act authorizes the CFPB to collect civil penalties from any person or entity in a judicial or administrative action brought under federal consumer financial laws. The CFPB maintains these funds in its Civil Penalty Fund, and they are available to be used for payments to the victims of activities for which civil penalties have been imposed. The CFPB may use excess civil penalty funds for the purpose of consumer education and financial literacy programs. As of September 30, 2023, the Civil Penalty Fund had collected almost \$3.4 billion, of which it has allocated over \$1.4 billion to victim compensation and \$28.8 million to consumer education and financial literacy programs. We are reviewing the CFPB's processes for allocating and disbursing funds.

## Audit of the CFPB's Consumer Response Operations

### Second quarter 2024

#### Pandemic Response Oversight

Pursuant to the Dodd-Frank Act, the CFPB's Office of Consumer Response collects, monitors, and responds to consumer complaints on financial services and products. The CFPB uses these consumer complaints to help inform the agency's supervision activities, enforce federal consumer financial laws, and write rules and regulations. With an increase in consumer complaints during the COVID-19 pandemic, Consumer Response faces an operational risk with respect to its effectiveness in reviewing and monitoring consumer complaints. We are assessing the effectiveness of the CFPB's processes for reviewing and monitoring company responses to consumer complaints.

## Evaluation of the CFPB's Examiner Commissioning Program

### Second quarter 2024

The CFPB's Division of Supervision, Enforcement and Fair Lending is staffed with examiners who conduct supervisory reviews and examinations of institutions under the CFPB's jurisdiction. Given these responsibilities, examiners play a key role in executing the CFPB's mission. In October 2014, the CFPB transitioned from its Interim Examiner Commissioning Program to its formal Examiner Commissioning Program (ECP). Successfully completing the ECP is a significant milestone in an examiner's career, signifying an examiner's attainment of the broad-based technical expertise, knowledge, skills, and tools necessary to perform the duties of a commissioned examiner. We completed an [evaluation of the program in September 2017](#) that resulted in recommendations designed to enhance the effectiveness of the ECP, which have since been implemented. For this evaluation, we are assessing how the program has been operating over the last few years. Specifically, we are assessing the CFPB's approach to examiner commissioning, including the case study component of the program. Further, we are benchmarking the CFPB's ECP against other financial regulators' examiner commissioning programs.

## Forensic Evaluation to Identify Potential Contractor Overbilling for Labor Hours

### Second quarter 2024

The CFPB's Office of Procurement uses its staff, as well as resources from the U.S. Department of the Treasury's Bureau of the Fiscal Service, to enter into contracts for goods and services on behalf of the CFPB. The CFPB's procurement process follows the requirements established by the *Federal Acquisition Regulation*, the primary regulation governing the acquisition of supplies and services by all federal executive agencies. We are assessing the CFPB's compliance with the *Federal Acquisition Regulation* and CFPB policy with respect to billing and paying for labor hours. Specifically, for a selection of active contracts, we are reviewing invoices submitted by the contractor to verify that the invoices included the hourly rate and labor category prescribed in the contract.



# CFPB: Projects in Development

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## **Audit of the CFPB's Compliance With the Payment Integrity Information Act (PIIA)**

The PIIA requires agency heads to periodically review and identify programs and activities that may be susceptible to significant improper payments. The PIIA requires agency inspectors general to determine each fiscal year whether the agency is in compliance with the PIIA. The CFPB has determined that its Consumer Financial Civil Penalty Fund is subject to the PIIA. We will assess the CFPB's compliance with the act.

## **Audit of CFPB's Procurement Process**

The CFPB's Office of Finance and Procurement oversees the agency's purchasing activities. The *Federal Acquisition Regulation* requires agencies to establish a statement of work describing the required results before awarding contracts. Postaward, agencies should monitor a contractor's performance under the contract and review invoices before payment to ensure the agency is receiving and paying for the goods or services as required by the contract. We plan to assess whether the CFPB awarded and managed contracts in a manner consistent with regulations, initial contract terms, and internal policies and procedures.

## **Evaluation of the CFPB's Approach to Transitioning Depository Institutions**

The Dodd-Frank Act authorized the CFPB to supervise, among other entities, insured depository institutions, credit unions, and their affiliates with more than \$10 billion in total assets. Primary consumer protection authority for depository institutions with total assets of \$10 billion or less was retained by those institutions' prudential regulators. According to the CFPB's public website, over the last few years, there has been an increase in the number of depository institutions that have transitioned to CFPB oversight because their consolidated assets have risen above the \$10 billion total asset threshold defined in the Dodd-Frank Act. We plan to assess the processes by which depository institutions transition to CFPB oversight.

## **Fiscal Year 2023 Risk Assessment of the CFPB's Government Travel Card Program**

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of their agency's travel card or convenience check programs. The objective of our risk assessment is to analyze the risks of illegal, improper, or erroneous purchases and payments associated with the CFPB's travel card program to determine an overall risk level for the program. We will use the results of the risk assessment to determine the frequency and scope of future OIG travel card audits.

## **Fiscal Years 2022–2023 Risk Assessment of the CFPB's Purchase Card Program**

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of their agency's purchase card programs. The objective of our risk assessment is to analyze the risks of illegal, improper, or erroneous purchases and payments associated with the CFPB's purchase card program. We will use the results of the risk assessment to determine the frequency and scope of future OIG purchase card audits.



# CFPB: Planned Projects

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## CFPB Security Control Reviews

The Federal Information Security Modernization Act of 2014 requires that each agency inspector general evaluate a representative subset of their agency's information systems, including third-party systems. To meet this requirement, we will conduct security control reviews of a sample of the CFPB's information systems throughout the year. We will use automated audit scanning tools to assist with conducting the reviews.

## 2024 Audit of the CFPB's Information Security Program NEW

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their respective agency's information security program and practices. To meet FISMA requirements for 2024, we plan to conduct an audit of the CFPB's information security program. Our planned objectives are to evaluate the effectiveness of the CFPB's (1) security controls and techniques for selected information systems and (2) information security policies, procedures, standards, and guidelines. We also plan to use the results from our audit to respond to the Office of Management and Budget's fiscal year 2024 FISMA reporting metrics for inspectors general.