Office of Inspector General
Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

Work Plan
Current as of July 1, 2023
Overview

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, OIG Hotline complaints, new statutory mandates, or other input. 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.
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Board: Initiated Projects
with calendar quarter of expected completion

Audit of the Board’s Purchase Card Program

Second quarter 2023

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general to conduct periodic audits or reviews of charge card programs. We had not conducted an audit of the Board’s purchase card program since 2013; therefore, we have initiated an audit of the Board’s internal controls over its purchase card program.

Evaluation of the Board’s and the Federal Reserve Banks’ Access Controls and Practices for Disposing of Confidential Information in Select Applications Used for Supervising Community and Regional Banking Organizations

Second quarter 2023

During the supervisory process, Board and Reserve Bank employees review, create, and store information, such as records collected from supervised institutions, that is exempt from public disclosure and that may include personally identifiable information. To protect this information from accidental disclosure or access by unauthorized parties, the Board and the Reserve Banks must have adequate controls. Inadequate safeguards for confidential information could have adverse implications for supervised institutions, their customers, and the Federal Reserve System. We are assessing the Board’s and the Reserve Banks’ access controls and practices for disposing of confidential supervisory information and sensitive personally identifiable information in select applications used for supervising community banking organizations and regional banking organizations.

Evaluation of the Board’s and the Federal Reserve Banks’ Cybersecurity Incident Response Process for Supervised Institutions

Second quarter 2023

As cybersecurity threats have become more frequent and more sophisticated over the last several years, cybersecurity has become a significant area of focus for financial institutions, the Board, and other federal financial regulators. Supervised institutions are required to report significant cybersecurity incidents to their primary federal regulator. After a supervised institution reports a cybersecurity incident to the Board, the Federal Reserve System assesses the severity of the incident on the institution and the financial sector, assigns a severity rating, and develops communications for internal and external stakeholders. We are assessing the Board’s and the Reserve Banks’ cybersecurity incident response process for supervised institutions.

Evaluation of the Board’s and the Federal Reserve Banks’ Ethics Programs Pertaining to Personal Investment and Trading Activities

Second quarter 2023

As the central bank of the United States, the Board must maintain impartiality and avoid even the appearance of conflicts of interest to inspire public trust in the nation’s financial system. The Board recently announced a broad set of new investment and trading rules that, among other things, will prohibit the purchase of individual securities, restrict active trading, and increase the timeliness of reporting and public disclosure. We are assessing the design and effectiveness of these new rules as well as the Board’s and the Reserve Banks’ approach to monitoring personal investment and trading activities for possible conflicts of interest.
Evaluation of the Federal Reserve System’s Vendor Selection and Management Processes Related to the Federal Reserve Bank of New York’s (FRB New York) Emergency Lending Programs **ISSUED**

**Second quarter 2023**

**Pandemic Response Oversight**

As part of its emergency lending program, FRB New York operated six emergency lending facilities, five of which were supported by multiple vendor contracts. FRB New York awarded some of its emergency lending program—related contracts noncompetitively because of the exigent circumstances, and other contracts pose potential conflict-of-interest risks to the System. FRB New York’s reliance on vendors highlights the importance of its monitoring of vendor performance. We are assessing the Board’s and FRB New York’s processes related to vendor selection and management for FRB New York’s emergency lending programs.

Evaluation of the Board’s Intelligence Program

**Third quarter 2023**

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

Evaluation of the Federal Reserve System’s Loan Participation Purchase Processes for Its Main Street Lending Program (MSLP) **UPDATED**

**Third 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 purchased a 95 percent participation in 1,830 loans, resulting in approximately $17.5 billion in issued loans. The majority of these loan participations were purchased during the last 2 months of the program. We are assessing the design and operating effectiveness of the System’s processes for loan participation purchases.

We previously referred to this project as “Evaluation of the Federal Reserve System’s Loan Purchase Processes for Its Main Street Lending Program (MSLP).”

Material Loss Review of Silicon Valley Bank

**Third quarter 2023**

In March 2023, the California Department of Financial Protection and Innovation (DFPI) closed Silicon Valley Bank, a state member bank located in Santa Clara, California, and supervised by the Federal Reserve Bank of San Francisco. The DFPI appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. As of December 31, 2022, Silicon Valley Bank had total assets of approximately $209 billion. On March 14, 2023, we initiated an engagement addressing the supervision of Silicon Valley Bank. In a March 26, 2023, press release, the FDIC estimated the cost of the failure to the Deposit Insurance Fund to be approximately $20 billion, which exceeds the statutory threshold requiring us to conduct a material loss review. Accordingly, our engagement is a material loss review.

Review of the Board’s Approach to Climate Risk Supervision at Financial Institutions

**Third quarter 2023**

As noted in the Board’s November 2020 *Supervision and Regulation Report*, Federal Reserve System supervisors are responsible for ensuring that supervised institutions operate in a safe and sound manner and can continue to provide financial services to their customers in the face of all types of risk, including those related to climate change. The report noted, however, that assessing and managing climate-related risks presents several challenges and that supervisors are seeking to better understand, measure, and mitigate climate-related financial risks. Further, the report stated that supervisors will continue to work with other agencies and authorities on this endeavor. The Board established the Supervision Climate Committee to promote the resilience of supervised institutions to climate-related...
financial risks and is in the process of developing its supervisory approach on this topic. We are identifying key areas of consideration as the Board develops and implements a supervisory approach for climate risks at financial institutions.

**Review of the Supervision of Silvergate Bank**

**Third quarter 2023**

In March 2023, the California Department of Financial Protection and Innovation announced that Silvergate Bank, a state member bank located in La Jolla, California, and supervised by the Federal Reserve Bank of San Francisco, had voluntarily begun the process of liquidation. On March 14, 2023, we initiated an independent review assessing the Board’s and the Federal Reserve Bank of San Francisco’s supervision of the institution, and we will make recommendations as appropriate.

**2023 Audit of the Board’s Information Security Program**

**Third quarter 2023**

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of its respective agency’s information security program and practices. To meet FISMA requirements for 2023, we are conducting an audit of the Board’s information security program. Our objectives are to evaluate the effectiveness of the Board’s (1) security controls and techniques for select information systems and (2) information security policies, procedures, standards, and guidelines. We will use the results from our audit to respond to the Office of Management and Budget’s fiscal year 2023 FISMA reporting metrics for inspectors general.

**2022 Risk Assessment of the Board’s Travel Card Program**

**Third quarter 2023**

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of 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.

**Evaluation of the Federal Reserve System’s Loan Administration Processes for Its Main Street Lending Program (MSLP)**

**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.

**Audit of the Board’s Hiring Practices and Their Effect on Workforce Diversity**

**First 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.

**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**

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

We contracted with an independent public accounting firm to audit the financial statements of the Board. We will oversee 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**

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 will oversee the activities of the independent public accounting firm to ensure compliance with generally accepted government auditing standards.

**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.

**Evaluation of the Paycheck Protection Program Liquidity Facility’s (PPPLF) Credit Extension Repayment and At-Risk Loan Monitoring Efforts**

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 will assess the effectiveness of internal controls to (1) determine lender eligibility, extend credit, and process repayments and (2) identify at-risk advances, handle instances of nonpayment, and detect and mitigate fraud. We also plan to assess the extent to which the Federal Reserve System coordinates with the U.S. Small Business Administration to determine lender eligibility, recover losses due to nonpayment, and detect and mitigate fraud.

We previously referred to this project as “Evaluation of the Paycheck Protection Program Liquidity Facility’s (PPPLF) Credit Extension and Fraud Deterrence Efforts.”
Board: Planned Projects

Audit of the Board’s Contract Solicitation, Selection, and Award Processes
The Division of Financial Management’s Procurement function is responsible for oversight of the Board’s procurement functions, including contract solicitation, selection, and award. The Board needs strong controls to ensure that it acquires goods and services timely and at reasonable prices and that it meets or exceeds other Board goals, such as vendor diversity. This project 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.

Board Security Control Reviews
The Federal Information Security Modernization Act of 2014 requires that each agency inspector general evaluate a representative subset of its respective 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.

Evaluation of the Board Office of Diversity and Inclusion’s (OD&I) Approach to Diversity Initiatives Across the Federal Reserve System
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.
CFPB: Initiated Projects
with calendar quarter of expected completion

Audit of the CFPB’s Agile Systems and Software Development Life Cycle Processes

ISSUED

Second quarter 2023
The Federal Information Security Modernization Act of 2014 (FISMA) requires federal agencies, including the CFPB, to ensure that information security is addressed throughout the life cycle of each agency information system. FISMA also requires that each agency inspector general conduct an annual independent evaluation of its respective agency’s information security program. In accordance with these requirements, we have contracted with an independent accounting firm to determine whether the CFPB has effectively integrated the requirements of FISMA into its Agile systems and software development life cycle processes. We will use the results from our audit to respond to the Office of Management and Budget’s fiscal year 2023 FISMA reporting metrics for inspectors general.

Audit of the CFPB’s Processes for Exercising Contract Options

Third quarter 2023
The Office of the Chief Procurement Officer is responsible for overseeing the purchasing of goods and services, developing internal policies and procedures related to acquisitions, and providing acquisition support to the CFPB’s program offices. This support includes working with the program offices to exercise contract options. We are assessing the Office of the Chief Procurement Officer’s controls for exercising contract options to ensure compliance with applicable laws; regulations; and internal policies and procedures.

2023 Audit of the CFPB’s Information Security Program

Third quarter 2023
The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of its respective agency’s information security program and practices. To meet FISMA requirements for 2023, we are conducting an audit of the CFPB’s information security program. Our objectives are to evaluate the effectiveness of the CFPB’s (1) security controls and techniques for select information systems and (2) information security policies, procedures, standards, and guidelines. We will use the results from our audit to respond to the Office of Management and Budget’s fiscal year 2023 FISMA reporting metrics for inspectors general.

2022 Risk Assessment of the CFPB’s Travel Card Program

Third quarter 2023
The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic risk assessments of 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.

Audit of the CFPB’s Healthcare Benefits Administration Process

Fourth quarter 2023
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 identifying any internal control deficiencies in agency processes that determine participant eligibility.
Evaluation of the CFPB’s Examiner Commissioning Program

Fourth quarter 2023

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). Successful completion of 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 plan to assess how the program has been operating over the last few years. Specifically, we will assess the CFPB’s approach to examiner commissioning, including the case study component of the program. Further, we plan to benchmark the CFPB’s ECP against other financial regulators’ examiner commissioning programs.

Evaluation of the CFPB’s Process for Conducting Enforcement Investigations

Fourth quarter 2023

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.

Forensic Evaluation to Identify Potential Contractor Overbilling for Labor Hours

New

First 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.
Audit of the CFPB’s Civil Penalty Fund Allocation and Disbursement Process
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, 2022, the Civil Penalty Fund had collected almost $1.5 billion, of which it has allocated over $1 billion to victim compensation and $28.8 million to consumer education and financial literacy programs. We will review the CFPB’s processes for allocating and disbursing funds.

Audit of the CFPB’s Consumer Response Operations
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 as a result of the COVID-19 pandemic, Consumer Response faces an operational risk with respect to the timeliness in which it can respond to consumer complaints. We plan to assess the effectiveness of the CFPB’s processes for reviewing and responding to consumer complaints.

Evaluation of the CFPB’s Approach to Assessing Independence and Mitigating the Risk of Conflicts of Interest
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 the extent to which the CFPB promotes a focus on independence and has policies, procedures, and controls to mitigate the risk of conflicts of interest among SEFL staff.
CFPB: Planned Projects

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. This audit is assessing the CFPB’s compliance with the act.

CFPB Security Control Reviews
The Federal Information Security Modernization Act of 2014 requires that each agency inspector general evaluate a representative subset of its respective 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.

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.