

Office of Inspector General

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

Work Plan

Current as of January 1, 2021





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 Bureau of Consumer Financial Protection 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 Bureau 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.

Beginning with the July 1, 2020, *Work Plan*, we also label the work we are conducting that is related to the Board's and the Bureau's COVID-19 pandemic response activities. This Pandemic Recovery 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 or call 202-973-5043.



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Board: Initiated Projects

with calendar quarter of expected completion

Security Control Review of the Board's National Information Center

Fourth quarter 2020 ISSUED

The Federal Information Security Modernization Act of 2014 requires that each agency inspector general conduct an annual independent evaluation of its respective agency's information security program and practices, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the Board's National Information Center, which is the central repository and authoritative source of supervision and regulation, banking organization structure, and supervisory data.

Given the sensitivity of our review, the results were communicated to the Board in a restricted memorandum that contained no recommendations.

2020 Audit of the Board's Information Security Program

Fourth quarter 2020 ISSUED

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, 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 U.S. Department of Homeland Security's fiscal year 2020 FISMA reporting metrics for inspectors general.

Audit of the Board's Financial Statements as of and for the Years Ended December 31, 2020 and 2019

First quarter 2021

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 Board's Process for Planning and Managing Infrastructure Projects

First quarter 2021

Building a productive, collaborative work environment through the tailored use of space, technology, and design is one of the Board's strategic goals. To achieve this goal, the Board will renovate multiple buildings to create a modern, safe, and efficient workplace. These renovation projects are multiyear efforts that involve significant resources and could pose challenges because of their size, complexity, and interdependence. We are reviewing the Board's processes for planning and managing multiple building renovations as well as procuring contracts. We are also reviewing the Board's change order process for its renovation contracts (see Audit of the Board's Change Order Process for Its Infrastructure Contracts).

Audit of the Federal Financial Institutions Examination Council's (FFIEC) Financial Statements as of and for the Years Ended December 31, 2020 and 2019

First quarter 2021

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.

Evaluation of the Board Economics Divisions' Research Planning Processes

First quarter 2021

The Board's four economic research divisions—Research and Statistics, Monetary Affairs, International Finance, and Financial Stability—produce research that supports the formulation and conduct of policy in key mission areas and informs the Board's financial stability activities. We are assessing these divisions' processes to plan certain research activities and identifying any opportunities to enhance the processes' effectiveness.

Evaluation of the Board's Adoption of Cloud Computing Solutions (Phase 1)

First quarter 2021

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. The objective of phase 1 is to evaluate the effectiveness of the Board's system development life cycle processes in ensuring that risks are adequately managed for cloud systems currently in use.

Evaluation of the Board's Implementation of Enterprise Risk Management (ERM)

First quarter 2021

ERM is an approach to addressing the full spectrum of an organization's significant risks by considering them as an interrelated portfolio. Federal guidance highlights the importance of implementing an ERM capability that is coordinated with strategic planning and internal control processes. We are performing an evaluation of the Board's implementation of ERM. Our objective is to assess the effectiveness of the Board's ongoing efforts to plan, develop, and integrate ERM processes across the agency. Our scope focuses on (1) the establishment of supporting ERM

governance and operational structures and (2) steps taken to cultivate a risk culture that aligns the risk management program with the Board's mission, vision, strategy, and values.

Security Control Review of the Board's Secure Document System

First quarter 2021

The Federal Information Security Modernization Act of 2014 requires that each agency inspector general conduct an annual independent evaluation of its respective agency's information security program and practices, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the Board's Secure Document System, which is an agency-designated high-value asset that provides for the secure distribution of Federal Open Market Committee documents to authorized staff at the Board and the Federal Reserve Banks.

Audit of the Board's Change Order Process for Its Infrastructure Contracts

Second quarter 2021

The Board's renovation projects are multiyear efforts that involve significant resources and could pose challenges. The Board awarded contracts to multiple vendors for four building renovations. The Division of Financial Management's Procurement function works with contracting officer's representatives in the Board's divisions to administer these contracts, including approving invoices for payment. This audit is reviewing the Board's process for change orders to ensure compliance with its procedures and contract terms relevant to the infrastructure projects.

Audit of the Board's Payroll Process

Second quarter 2021

Personnel expenses, including salaries and benefits, account for approximately 70 percent of the Board's budget. The Division of Financial Management's Payroll section is responsible for providing payment services for the Board, including producing the biweekly payroll and conducting relevant tax reporting. We are assessing the effectiveness of internal controls for certain Board payroll processes,

including compliance with applicable laws, regulations, policies, and procedures.

Evaluation of the Efficiency and Effectiveness of the Board's Consumer Compliance Examination and Enforcement Action Processes

Second quarter 2021

The mission of the Board's Division of Consumer and Community Affairs (DCCA) is to promote a fair and transparent financial services marketplace and effective community development. DCCA supervises for compliance with and enforces consumer protection laws and regulations that govern how financial institutions interact with their customers and their communities. Supervision activities may include examinations assessing institutions' compliance with the following: the prohibition against unfair or deceptive acts or practices, fair lending laws and regulations, or other consumer protection laws and regulations. The Federal Reserve may also issue enforcement actions for violations of consumer protection laws or regulations. We are evaluating the efficiency and effectiveness of the Board's and the Reserve Banks' consumer compliance examination and enforcement action processes.

Evaluation of the Board's Personnel Security Program

Third quarter 2021

Board activities and information have the potential to significantly influence financial market activity and affect important public policies or private-sector decisions. Accordingly, it is important to ensure that both employees' and contractors' backgrounds are appropriately screened when granting access to Board facilities and providing security clearances. The Board's personnel security program oversees and administers the screening of Board employees and contractors, as well as Federal Reserve Bank personnel who require such screening. We are assessing the efficiency and effectiveness of the Board personnel security program's processes and controls related to the oversight and administration of background investigations and security clearances for employees and contractors.

Monitoring of the Federal Reserve's Lending Programs

Ongoing

Pandemic Recovery Oversight

In response to the economic effects of the COVID-19 pandemic, the Federal Reserve announced that it would create 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 have been 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 will refine our focus on the programs and identify areas for future audits or evaluations. Some of the topics we are considering include the design, operation, governance, and oversight of the lending programs; data collection and reporting associated with the programs; and the effect of the programs on the Board's supervision and regulation activities.



Board: Projects in Development

Audit of the Board’s Compliance With the Open, Public, Electronic and Necessary (OPEN) Government Data Act

The Board’s Office of the Chief Data Officer is tasked with transforming the data culture of the Board to become more data driven and to create platforms for employees to easily access. In January 2019, Congress enacted H.R. 1770, the OPEN Government Data Act, which requires federal agencies to create publicly available data inventories and outlines specific duties for federal chief data officers. Noncompliance with the act must be reported to Congress. We plan to assess the Board’s compliance with the requirements of the OPEN Government Data Act.

Audit of the Board’s Data Aggregation, Validation, and Reporting Processes for Its CARES Act Lending Programs

Pandemic Recovery Oversight

Section 4026 of the CARES Act and section 13(3) of the Federal Reserve Act require the Board to report certain information regarding its emergency lending programs. The Board has stated its commitment to transparency and accountability by announcing that it will report, on a monthly basis, information on the lending programs using CARES Act funding, including the names and details of the participants in each program; the amounts borrowed and the interest rate charged; and overall costs, revenues, and fees for each program. The Board also reports aggregate information on its weekly comprehensive balance sheet, which is publicly available. We plan to assess the Board’s processes for aggregating and reporting lending information related to its CARES Act programs, including the data validation processes it uses to ensure that the information is current, accurate, and complete.

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.



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.

Audit of the Board's Oversight of the Reserve Banks' Vendor Selection and Management Processes Related to Its CARES Act Lending Programs

Pandemic Recovery Oversight

Many of the CARES Act lending programs use vendors to establish and operate the programs, and some programs use multiple vendors. Federal Reserve Banks awarded some of these contracts noncompetitively because of the exigent circumstances, and other contracts pose potential conflict-of-interest risks to the Federal Reserve System. In addition, the reliance on vendors highlights the importance of Reserve Banks' monitoring of vendor performance. We plan to assess the Board's processes for overseeing the Reserve Banks' selection and monitoring of vendors related to its CARES Act lending programs.

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 Bank 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.

Failed Bank Reviews

Section 38(k) of the Federal Deposit Insurance Act, as amended by the Dodd-Frank Act, requires that the inspector general of the appropriate federal banking agency review the agency's supervision of a failed institution when the associated losses to the Deposit Insurance Fund are above the materiality threshold or are at or below the threshold but exhibit unusual circumstances warranting an in-depth review. In such cases, the inspector general must prepare a report in a manner consistent with the requirements of a material loss review. For losses to the Deposit Insurance Fund that occurred on or after January 1, 2014, the materiality threshold is \$50 million.



Bureau: Initiated Projects

with calendar quarter of expected completion

2020 Audit of the Bureau's Information Security Program

Fourth quarter 2020 ISSUED

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, we are conducting an audit of the Bureau's information security program. Our objectives are to evaluate the effectiveness of the Bureau'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 U.S. Department of Homeland Security's fiscal year 2020 FISMA reporting metrics for inspectors general.

Audit of Certain Bureau Processes for Hiring, Promotions, and Other Internal Placements

First quarter 2021

The Bureau's fiscal year 2018–2022 strategic plan states that to accomplish its mission, the agency needs to maintain a sustainable, high-performing, diverse, inclusive, and engaged workforce. The strategic plan further states that by identifying and adopting leading practices to select, develop, and retain employees, the Bureau can ensure that its workforce has the experience and skills needed to realize its strategic goals. For selected types of hiring, promotions, and other internal placements, we are assessing the Bureau's compliance with related processes and procedures as well as identifying the potential effect of the Bureau's practices on its workforce diversity.

Evaluation of the Bureau's Implementation of Splunk

First quarter 2021

Splunk is the Bureau's primary security information and event management application. As such, the Bureau uses Splunk to aggregate and analyze logs and

other information generated by its computer systems. The objective of our evaluation is to assess the Bureau's implementation of Splunk in accordance with security best practices as well as the system's compliance with the Federal Information Security Modernization Act of 2014 and the information security policies, procedures, standards, and guidelines of the Bureau.

Security Control Review of the Bureau's Personnel Security Case Management System

First quarter 2021

The Federal Information Security Modernization Act of 2014 requires that each agency inspector general conduct an annual independent evaluation of its respective agency's information security program and practices, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the Bureau's Personnel Security Case Management System. The Bureau uses this system to facilitate the completion, tracking, and maintenance of background investigations.

Audit of the Bureau's Interagency Agreements

Second quarter 2021

The Bureau enters into interagency agreements to procure goods or services from another government agency. The Bureau must oversee the other agencies' performance under these agreements to ensure it is receiving the expected goods or services. In fiscal year 2019, the Bureau obligated \$45.3 million through interagency agreements. We are assessing the design and operating effectiveness of the controls for issuing and managing its interagency agreements, including compliance with relevant laws and regulations.

Evaluation of the Bureau's Approach to Supervising Nondepository Institutions

Third quarter 2021

The Dodd-Frank Act provides the Bureau with the authority to supervise depository institutions with more than \$10 billion in total assets and their affiliates as well as certain nondepository institutions, such as mortgage companies, payday lenders, private education lenders, and larger participants in other markets as defined by rules issued by the Bureau. An objective of the Dodd-Frank Act is to ensure that federal consumer financial law is enforced consistently without regard to whether a financial service provider is a depository or a nondepository institution. We are assessing the Bureau's approach to supervising nondepository institutions.

Evaluation of the Bureau's Quality Management Program for Supervision Activities

Third quarter 2021

The Bureau's Division of Supervision, Enforcement and Fair Lending has a quality management program that performs internal reviews related to the division's supervision activities. We are assessing the design and effectiveness of the quality management program for supervision activities.



Bureau: Projects in Development

All projects are currently in the initiated or planned stage.



Bureau: Planned Projects

Audit of the Bureau's Compliance With the Digital Accountability and Transparency Act of 2014 (DATA Act)

Enacted on May 9, 2014, the DATA Act requires federal agencies to report certain financial and spending data in accordance with established data standards. The Bureau has determined that its Consumer Financial Civil Penalty Fund is subject to the DATA Act and that one specific DATA Act requirement, section 3(b)(4) of the act, applies to the Bureau Fund. This audit will assess (1) the completeness, timeliness, quality, and accuracy of financial and award selected data submitted for publication on USASpending.gov and (2) the Bureau's implementation and use of the governmentwide financial data standards established by the Office of Management and Budget and the U.S. Department of the Treasury, as applicable.

Audit of the Bureau's Compliance With the Open, Public, Electronic and Necessary (OPEN) Government Data Act

The Bureau's Office of the Chief Data Officer is responsible for managing the Bureau's Freedom of Information Act, records management, data policy, privacy, and Paperwork Reduction Act programs. In January 2019, Congress enacted H.R. 1770, the OPEN Government Data Act, which requires federal agencies to create publicly available data inventories and outlines specific duties for federal chief data officers. Noncompliance with the act must be reported to Congress. We plan to assess the Bureau's compliance with the OPEN Government Data Act.

Audit of the Bureau's Compliance With the Payment Integrity Information Act of 2019 (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 PIIA. The Bureau has determined that its Consumer Financial Civil Penalty Fund is subject to PIIA. This audit will assess the Bureau's compliance with the act.

Audit of the Bureau's Consumer Response Operations

Pandemic Recovery Oversight

Pursuant to the Dodd-Frank Act, the Bureau's Office of Consumer Response collects, monitors, and responds to consumer complaints on financial services and products. The Bureau 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 and a recent organizational shift to the newly created Division of Consumer Education and External Affairs, Consumer Response faces an operational risk with respect to the timeliness with which it can respond to consumer complaints. We plan to assess the Bureau's effectiveness and timeliness in responding to consumer complaints.

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

Evaluation of the Bureau's Approach to Assessing Independence and Mitigating the Risk of Conflicts of Interest

The Bureau'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 plan to assess the extent to which the Bureau promotes a focus on independence and has policies, procedures, and controls to mitigate the risk of conflicts of interest.

Evaluation of the Bureau's Personnel Security Program

In performing its responsibilities to regulate consumer financial products and services, the Bureau may collect and store sensitive information, including confidential supervisory information and consumers' personally identifiable information. Accordingly, it is important that the backgrounds of both employees and contractors be appropriately screened. The Bureau's Personnel Security Office (PSO) is responsible for ensuring all employees and contractors are suitable for employment with the Bureau. Bureau officials informed our office that the agency had a considerable backlog of investigations for adjudication.

In the third quarter of 2020, we issued a [memorandum report](#) at the end of the scoping phase for this project, and we will continue to monitor the program.