

Office of Inspector General

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

Work Plan

Current as of April 1, 2022





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.

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 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 Change Order Process for Its Infrastructure Contracts ISSUED

First quarter 2022

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 issue contract modifications. This audit is reviewing the Board's contract modification process related to its renovation projects to ensure compliance with the relevant process, policy, and guidance.

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

First quarter 2022

Pandemic Response 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 the overall costs, revenues, and fees for each program. We are assessing the Board's processes for collecting, aggregating, and reporting lending information related to its CARES Act lending programs, including the data validation processes it uses to ensure that the information is current, accurate, and complete.

Audit of the Board's Financial Statements as of and for the Years Ended December 31, 2021 and 2020 ISSUED

First quarter 2022

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, 2021 and 2020 ISSUED

First quarter 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 are overseeing 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 1) ISSUED

First quarter 2022

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 Personnel Security Program ISSUED

First quarter 2022

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.

Security Control Review of the Accounts, Risk, and Credit (ARC) System ISSUED

First quarter 2022

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, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the ARC system, which is managed by the Federal Reserve System. Our review focuses on the effectiveness of security controls implemented for the component of ARC that is used to process loans for the Paycheck Protection Program Liquidity Facility.

The results of this review may be incorporated into our annual FISMA review and were reported out in a restricted memorandum.

Security Control Review of the Board Data Platform ISSUED

First quarter 2022

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, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the Board Data Platform, which is used for the receipt and processing of acquired, purchased, and internal agency data assets.

The results of this review may be incorporated into our annual FISMA review and were reported out in a restricted memorandum.

Evaluation of Third-Party Cybersecurity Risk Management Processes for Vendors Supporting the Main Street Lending Program (MSLP) and the Secondary Market Corporate Credit Facility (SMCCF)

Second quarter 2022

Pandemic Response Oversight

In response to the economic effects of the COVID-19 pandemic, the Board created new lending programs and facilities to provide loans to employers, certain businesses, and communities across the country to support the U.S. economy. To support the implementation of specific programs and facilities, the Federal Reserve Banks have contracted with third-party vendors for various services, such as administrative, custodial, legal, design, and investment management services. These vendors provide data generated from the operations and management of the facilities to the Reserve Banks, who then provide the data to the Board. We are evaluating the effectiveness of (1) the risk management processes designed to ensure that effective information security and data integrity controls are implemented by third parties supporting the administration of the MSLP and the SMCCF and (2) select security controls managed by the Reserve Banks for selected systems that process and maintain MSLP and SMCCF data.

Security Control Review of the Board's Secure Document System

Second quarter 2022

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.

Evaluation of the Board's Processes for Reviewing and Approving Supervisory Proposals

Third quarter 2022

The Board plays a significant role in supervising and regulating U.S. financial institutions. Through its oversight, the Board seeks to ensure that the institutions it supervises operate in a safe and sound manner and comply with applicable federal laws and regulations. Key aspects of the Board Division of Supervision and Regulation's mission include developing and implementing effective supervisory policy and guidance for supervised financial institutions. Board members may be involved in reviewing and approving supervisory proposals addressing various matters, such as certain supervisory policy and guidance and aspects of the supervisory stress testing program. We are assessing the effectiveness of the Board's processes for reviewing and approving supervisory proposals. Our focus is on the Board's practices for determining which supervisory proposals and activities warrant consultation and approval by Board members. Our scope includes proposals related to supervisory policy and guidance as well as the supervisory stress testing program.

Evaluation of the Board's Statistical Assessment of Bank Risk (SABR) and Bank Exams Tailored to Risk (BETR) Processes

Fourth quarter 2022

The Board uses various models to inform risk-based examination decisions. The Board's SABR surveillance models and processes inform the agency's watch list, which highlights state member banks and holding companies with emerging financial weaknesses and flags institutions in the initial phases of financial deterioration. The Board uses the BETR processes to assess the level of risk at a state member bank, which allows supervisory personnel to tailor examination procedures to the size, complexity, and risk profile of the institution. We are assessing the effectiveness of the model risk management processes pertaining to SABR and BETR.

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

Fourth quarter 2022

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.

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 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

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 Board's and the Federal Reserve Banks' Ethics Programs Pertaining to Personal Investment and Trading Activities

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 plan to assess 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 Board's Practices for Establishing Roles and Responsibilities to Manage Data

The Board's Office of the Chief Data Officer (OCDO) is responsible for overseeing enterprisewide data practices with input from individual divisions. Because the Board relies extensively on data to carry out its mission, it is important that the divisions have established and defined roles and responsibilities for managing data to ensure accountability, data quality,

and consistency. We plan to review how roles and responsibilities for managing data are established and defined by Board divisions as well as identify opportunities for the OCDO to enhance enterprisewide practices related to roles and responsibilities for managing data.

Evaluation of the Board's Return-to-Office Plan ^{NEW}

After an extended period of full-time telework because of the COVID-19 pandemic, the Board has begun implementing a multiphase return-to-office plan. We have initiated a limited-scope review of certain aspects of the Board's return-to-office plan. Specifically, we plan to evaluate controls related to the following: facility cleaning and air filtration standards; social distancing protocols and signage; building access protocols for employees, visitors, and contractors; and vaccination requirements for visitors and contractors.

Evaluation of the Federal Reserve System's Loan Purchase and Administration for Its Main Street Lending Program (MSLP)

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 (FRB Boston) purchased 1,830 loans amounting to approximately \$17.5 billion from lenders; the majority of these loans were purchased during the last 2 months of the program. Following the purchase of the loans, FRB Boston is now responsible for administering the loans, including assessing overall credit risk and identifying substandard loans. FRB Boston leveraged third-party vendors to support both loan purchases and loan administration. We plan to assess the MSLP's processes for loan purchases and loan administration, including the design, implementation, and operating effectiveness of internal controls.

2022 Audit of the Board'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 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. We are evaluating 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 2022 FISMA reporting metrics for inspectors general.



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 Financial Statements as of and for the Years Ended December 31, 2022 and 2021 NEW

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 Purchase Card Program

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general to conduct periodic audits or reviews of charge card programs. Although we conduct periodic risk assessments of the Board's purchase card program, we have not conducted an audit of the program since 2013. Therefore, we will conduct an audit of the Board's internal controls over its purchase card program.

Audit of the Federal Financial Institutions Examination Council's (FFIEC) Financial Statements as of and for the Years Ended December 31, 2022 and 2021 NEW

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.

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.

Evaluation of the Board’s and the Federal Reserve Banks’ Procedures and Controls for Safeguarding Confidential Information Collected During the Supervisory Process

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 plan to assess the Board’s and the Reserve Banks’ policies, procedures, practices, and controls to safeguard confidential information collected during the supervisory process.

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

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 plan to identify key areas of consideration as the Board develops and implements a supervisory approach for climate risks at financial institutions.

We previously referred to this project as “Evaluation of the Board’s Supervisory Approach for Climate Risks.”



Bureau: Initiated Projects

with calendar quarter of expected completion

Security Control Review of Amazon Web Services (AWS) ISSUED

First quarter 2022

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, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the Bureau's use of AWS. AWS is a cloud-based system used by the Bureau to host the agency's public website and to perform development activities, among other things.

The results of this review may be incorporated into our annual FISMA review and were reported out in a restricted memorandum.

Security Control Review of the ServiceNow (SNOW) System ISSUED

First quarter 2022

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, including testing controls for select systems. To meet these requirements, we have initiated a security control review of the SNOW system. The Bureau uses the SNOW system to support its asset management, security operations, and incident management processes.

The results of this review may be incorporated into our annual FISMA review and were reported out in a restricted memorandum.

Audit of the Bureau's Compliance With the Payment Integrity Information Act (PIIA)

Second quarter 2022

The PIIA requires agency heads to periodically review and identify programs and activities that may be susceptible to significant improper payments. The PIIA

also requires agency inspectors general to determine each fiscal year whether the agency is in compliance with the act. The Bureau has determined that its Consumer Financial Civil Penalty Fund is subject to the PIIA. This audit is assessing the Bureau's compliance with the act.

Evaluation of the Bureau's Preparedness to Implement the Open, Public, Electronic and Necessary (OPEN) Government Data Act

Third quarter 2022

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. The Bureau maintains and distributes significant amounts of data related to consumer financial markets. In January 2019, Congress enacted the OPEN Government Data Act, which requires federal agencies to create publicly available data inventories and outlines specific duties for federal chief data officers. We are assessing the Bureau's preparedness to implement certain components of the OPEN Government Data Act.

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

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 are assessing 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 among SEFL staff.



Bureau: Projects in Development

Audit of the Bureau's Processes for Awarding Contracts and Exercising Options

The Office of the Chief Procurement Officer is responsible for providing acquisition support to the Bureau's program offices. This support includes working with the program offices to develop contract requirements, solicit competition, evaluate offers, award contracts, and exercise contract options. The office also has internal goals related to awarding competitive contracts and awarding contracts to minority- and women-owned businesses. We will assess the Office of the Chief Procurement Officer's controls for awarding contracts and exercising contract options to ensure compliance with applicable laws; regulations; and internal policies, procedures, and goals.

Security's fiscal year 2022 FISMA reporting metrics for inspectors general.

Evaluation of the Bureau's Return-to-Office Plan NEW

After an extended period of full-time telework because of the COVID-19 pandemic, the Bureau has begun implementing a multiphase return-to-office plan. We have initiated a limited-scope review of certain aspects of the Bureau's return-to-office plan. Specifically, we plan to evaluate controls related to the following: facility cleaning and air filtration standards; social distancing protocols and signage; building access protocols for employees, visitors, and contractors; and vaccination requirements for visitors and contractors.

2022 Audit of the Bureau'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 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. We are evaluating 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



Bureau: Planned Projects

Audit of the Bureau's Consumer Response Operations

Pandemic Response 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.

expected time frame for filing or settling an enforcement action following the initiation of an investigation. This evaluation will assess the efficiency and effectiveness of SEFL's processes for filing and settling enforcement actions.

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 Processes for Filing Enforcement Actions

The Dodd-Frank Act authorizes the Bureau to take appropriate enforcement actions to address violations of federal consumer financial laws. The Bureau's Division of Supervision, Enforcement and Fair Lending (SEFL) is responsible for this function and conducts investigations to assess whether financial institutions are complying with applicable federal consumer financial laws. According to the Bureau's 2021 performance plan and report, filing enforcement actions timely is an important measure of the Bureau's effectiveness because timely filing is a deterrent and provides consumers with greater protections. The report also details a performance goal for the