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

Work Plan
Current as of January 1, 2019
Overview

The Work Plan presents the audits and evaluations that we are conducting to assist the Board of Governors of the Federal Reserve System (Board) and the Bureau of 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 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 canceled, terminated, or issued as reports are marked as such. For a list of issued reports, please view the Audit Reports page on our website.

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.
Board: Initiated Projects

with calendar quarter of expected completion

Audit of the Board’s Academic Assistance Program ISSUED

Fourth quarter 2018

The Board maintains an academic assistance program to support the career development of all employees who meet certain qualifications and elect to participate in the program. Accordingly, the Board provides eligible employees with financial assistance to enroll in qualifying programs and courses, per its Academic Assistance policy. Our audit objective is to assess the adequacy of the internal controls related to the management and administration of the academic assistance program. This includes assessing the design and operating effectiveness of the Board’s internal controls and ensuring that employees receive financial assistance in accordance with the Board’s policy.

Audit of the Board’s Management of Currency Shipments ISSUED

Fourth quarter 2018

As the issuing authority for all Federal Reserve notes, the Board is responsible for issuing and directing the shipment of Federal Reserve notes to and between the Reserve Banks. We are assessing the efficiency and effectiveness of the Board’s management of currency shipments and assessing the effectiveness of related contracting activities.

Evaluation of the Board’s Implementation of Splunk ISSUED

Fourth quarter 2018

The Federal Information Security Modernization Act of 2014 (FISMA) established a legislative mandate for ensuring the effectiveness of information security controls over resources that support federal operations and assets. FISMA requires each agency Inspector General to test (1) the effectiveness of the agency’s security controls and techniques for select information systems and (2) compliance with FISMA and related information security policies, procedures, standards, and guidelines. In support of FISMA requirements, we are conducting an evaluation of the Board’s implementation of its security event and incident management system, Splunk. The Board heavily relies on Splunk to centralize security event and incident information enterprise-wide.

Our objective is to evaluate the Board’s implementation of Splunk in accordance with security best practices as well as the system’s compliance with FISMA and Board information security policies, procedures, standards, and guidelines.

Evaluation of the Board’s Information Technology Organizational Structure and Authorities ISSUED

Fourth quarter 2018

The Federal Information Security Modernization Act of 2014 requires each agency Inspector General to perform an annual evaluation of the information security program and practices of its respective agency. As part of meeting this requirement, we are assessing whether the Board’s current organizational structure and authorities support its information technology needs, specifically those associated with security, privacy, capital planning, budgeting, and acquisition.

2018 Audit of the Board’s Information Security Program ISSUED

Fourth quarter 2018

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 2018 FISMA reporting metrics for Inspectors General.
Audit of the Board’s Financial Statements as of and for the Years Ended December 31, 2018 and 2017

First quarter 2019
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, 2018 and 2017

First quarter 2019
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 Workforce Planning Efforts

First quarter 2019
The OIG’s 2017 List of Major Management Challenges for the Board reported on the Board’s effort to develop and implement an agencywide strategic workforce-planning framework. At that time, we reported that the Board has begun to adopt a more strategic approach to workforce planning that assesses how the placement of vacant positions and the requisite skill sets can best meet the Board’s workforce needs. However, the challenge remains for the Board to implement workforce planning in a strategic and effective manner. This evaluation is assessing the Board’s ongoing efforts to ensure the sustainability of its workforce. We plan to identify potential barriers to workforce planning at the Board and strategies to overcome them in a separate evaluation (see Evaluation of Workforce Planning Implementation Challenges and Related Strategies at the Board in Board: Initiated Projects).

Evaluation of the Security Assurance for the Federal Reserve Program

First quarter 2019
To meet its mission, the Board relies on information systems that are managed by the Federal Reserve Banks. These systems may process Board information and/or support an agency delegated function, such as supervision and regulation. In accordance with the Federal Information Security Modernization Act of 2014 (FISMA), the Board is required to ensure that these systems meet the agency’s and FISMA’s information security requirements.

The Security Assurance for the Federal Reserve Program (SAFR) is the information security program used by the Federal Reserve Banks. The Board and the Reserve Banks have developed a trust model to provide the appropriate level of assurance that Board and Reserve Bank systems and infrastructures are adequately protected under the Board’s and the Federal Reserve System’s information security programs.

The specific objectives of our evaluation are to assess the design of the SAFR/Board Information Security Program Trust Model Agreement, the progress being made to implement the agreement, and the ongoing monitoring that is planned following its rollout.

Evaluation of the Board Law Enforcement Unit’s (LEU) Control Environment

Second quarter 2019
The Board LEU’s mission is to protect and provide a safe and secure environment for Board staff and visitors on Board-designated property. An effective system of internal control is key to assuring management that the LEU is achieving its mission. Control environment principles that support internal controls include exercising oversight responsibility, developing and retaining competent individuals, and ensuring accountability. We are evaluating whether the LEU Operations Bureau’s control environment effectively supports the LEU’s overall mission as well as components of the Management Division’s strategic
goals. This work includes evaluating the standards, processes, and reporting structures of the LEU.

**Evaluation of Workforce Planning Implementation Challenges and Related Strategies at the Board**

**Second quarter 2019**

Organizations implementing workforce planning in the public and private sectors often experience barriers to conducting such planning activities. These barriers can include a lack of access to the necessary workforce data, skilled workers to analyze the data, technological systems to effectively manage workforce planning, and a culture that supports workforce planning. This evaluation will identify any potential barriers to implementing a workforce planning process at the Board and strategies to overcome them. This assessment of potential workforce planning barriers and related strategies was previously part of another evaluation (see Evaluation of the Board’s Workforce Planning Efforts in Board: Initiated Projects).

**Evaluation of the Board’s and the Reserve Banks’ Enforcement Action Monitoring Practices**

**Third quarter 2019**

An enforcement action generally requires a supervised financial institution to develop and implement acceptable plans, policies, and programs to remedy the deficiencies that resulted in the action. Under delegated authority from the Board, the Federal Reserve Banks conduct supervision activities, including monitoring institutions’ efforts to address the terms of enforcement actions. We are assessing the effectiveness of the Board’s and the Reserve Banks’ practices for monitoring open enforcement actions against supervised financial institutions.

**Evaluation of the Efficiency and Effectiveness of the Board’s and the Reserve Banks’ Enforcement Action Issuance and Termination Processes**

**Third quarter 2019**

The Board may take formal enforcement actions against supervised financial institutions for violations of laws, rules, or regulations; unsafe or unsound
Audit of the Board’s Fine Arts Program

We last reviewed the Board’s fine arts program in 2004 and reported that the program had two inventory management databases for an art collection of 423 pieces with an estimated total value of $1.7 million. As of September 2017, the fine arts program has one inventory management system for an art collection that has increased to over 2,000 pieces. The artwork is on display across five buildings or in storage, and the Board has reported that the value of the art collection has not been determined. Our audit will assess the adequacy of internal controls related to the management and administration of the Board’s fine arts program to mitigate operational and reputational risks.

Evaluation of the Effectiveness of the Board’s Cybersecurity Supervision (Phase 2) New

We identified cybersecurity oversight at supervised financial institutions as a major management challenge for the Board on an annual basis from 2015 to 2018. In 2017, we issued a report focused on cybersecurity supervision of multiregional data processing servicers and financial market utilities, among other topics. We have initiated a second phase of our cybersecurity oversight activities focused on assessing the Board’s cybersecurity supervision of the nation’s largest and most systemically important financial institutions—those institutions in the Board’s Large Institution Supervision Coordinating Committee portfolio.
Board: Planned Projects

Audit of the Board’s Contract Administration Processes New

The Division of Financial Management’s Procurement function is responsible for the Board’s acquisition of goods, services, and real property. The Board’s Procurement function works with contracting officer’s representatives in the Board’s divisions to administer contracts, including overseeing contractor performance and approving invoices for payment. This project will assess the effectiveness of the Board’s contract administration processes, including 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 the 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 major applications and general support system components throughout the year. We will use automated audit scanning tools to assist with conducting the reviews.

Evaluation of the Board Economic Divisions’ Research Planning Processes

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 will assess these divisions’ processes to plan certain research activities and identify any opportunities to enhance the processes’ effectiveness.

Evaluation of the Board’s Budget Process

A budget is a systematic method of allocating resources to achieve strategic goals. The Board’s Division of Financial Management is responsible for managing budget development, analyzing and reporting on budget performance, and developing financial forecasts for the Board. We will review the Division of Financial Management’s process for formulating and executing the annual budget to identify opportunities for improvement.

Evaluation of the Board’s Personnel Security Program

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 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 will assess the Board personnel security program’s processes and controls related to the oversight and administration of background investigations and security clearances.

Evaluation of Postemployment Restrictions for Senior Examiners New

The Intelligence Reform and Terrorism Prevention Act of 2004 prohibits specific employees who meet the definition of a senior examiner from knowingly accepting compensation as an employee, officer, director, or consultant from a depository institution, a depository institution holding company, or certain related entities that the employee may have supervised as a Reserve Bank employee. In November 2016, the Board issued new guidance on these postemployment restrictions that expanded the definition of a senior examiner. We will assess the implementation of these updates across the Federal Reserve System and the effectiveness of controls that seek to ensure compliance with postemployment restrictions.

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.
Audit of the Bureau’s Purchase Card Program  
**ISSUED**  
**Fourth quarter 2018**  
The Government Charge Card Abuse Prevention Act of 2012 requires OIGs to conduct periodic audits or reviews of charge card programs. Although we conduct annual risk assessments of the Bureau’s purchase card program, our last audit of the program occurred in fiscal year 2012. Therefore, we are conducting an audit of the internal controls related to the Bureau’s purchase card program. Specifically, we are assessing whether the controls for the Bureau’s purchase card program are adequate (1) to ensure that purchase card use is appropriate and in compliance with applicable laws, regulations, and the Bureau’s policies and procedures, and (2) to prevent and detect improper or fraudulent use of purchase cards.

2018 Audit of the Bureau’s Information Security Program  
**ISSUED**  
**Fourth quarter 2018**  
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 will conduct 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 2018 FISMA reporting metrics for Inspectors General.

Evaluation of the Bureau’s Follow-Up Process for Matters Requiring Attention at Supervised Institutions  
**First quarter 2019**  
This evaluation is assessing the Division of Supervision, Enforcement and Fair Lending’s matters requiring attention follow-up processes. Matters requiring attention are specific improvement opportunities identified during the examination process that require the attention of the supervised institution’s board members or principals. Our objective is to assess the Division of Supervision, Enforcement and Fair Lending’s effectiveness in monitoring and ensuring that supervised institutions resolve these feedback items in a timely manner.

Evaluation of the Bureau’s Processes for Leveraging the Federal Risk and Authorization Management Program  
**First quarter 2019**  
The Federal Information Security Modernization Act of 2014 requires that we test the effectiveness of the Bureau’s policies, procedures, and practices for select information systems. In support of these requirements, we are conducting an evaluation of the Bureau’s risk management activities with respect to its various cloud computing platforms and providers, including the agency’s reliance on the Federal Risk and Authorization Management Program.

Our evaluation objective is to determine whether the Bureau has implemented an effective life cycle process for deploying and managing its cloud-based systems, including ensuring that effective security controls are implemented.

Evaluation of the Bureau’s Risk Assessment Framework for Prioritizing Examination Activities  
**First quarter 2019**  
This evaluation is assessing the Division of Supervision, Enforcement and Fair Lending’s risk assessment
framework and methodology for prioritizing its examination activities at its supervised institutions. As part of our initial evaluation of the supervision program, we developed an understanding of the division’s institution product-line approach to prioritizing its supervisory activities and how that approach affects its staffing assignments within the Bureau’s regions. This evaluation involves an in-depth assessment of the risk assessment framework, the prioritization process, and the way in which those priorities cascade to the regions. We will also assess the regional approaches to executing these priorities.

**Evaluation of the Office of Consumer Response’s Efforts to Share Complaint Data Within the Bureau**

**First quarter 2019**

The Office of Consumer Response (Consumer Response) is responsible for sharing consumer complaint information with internal stakeholders in order to help the Bureau supervise companies, enforce federal consumer financial laws, and write rules and regulations. The effective sharing of consumer complaint information can help the Bureau understand the problems consumers are experiencing in the financial marketplace and identify and prevent unfair practices from occurring before they become major issues. This evaluation is assessing the effectiveness of Consumer Response’s complaint-sharing efforts. Specifically, this project is examining (1) the extent to which Consumer Response’s consumer complaint-sharing efforts help to inform the work of internal stakeholders and (2) Consumer Response’s controls over internal access of shared complaint data, which can contain sensitive consumer information.

**Audit of the Bureau’s Compliance With the Improper Payments Information Act of 2002, as Amended (IPIA)**

**Second quarter 2019**

The Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012, requires agency Inspectors General to report annually on the agency’s compliance with the criteria listed in IPERA. Under the Office of Management and Budget’s implementing guidance, these reports should be completed within 180 days of the publication of the agency’s annual performance accountability report or agency financial report. The Bureau has determined that its Consumer Financial Civil Penalty Fund is subject to IPIA. This audit will assess the Bureau’s compliance with the act.

**Evaluation of the Bureau’s Final Order Follow-Up Activities**

**Third quarter 2019**

This evaluation is assessing the Division of Supervision, Enforcement and Fair Lending’s final order follow-up processes. The Bureau generally has enforcement authority over any person or entity that violates federal consumer financial protection law. In executing that authority, the Bureau can file a civil suit in federal district court that may result in a federal court order. Alternatively, through the administrative adjudication process, the Bureau and the relevant entity may agree to a consent order that includes a series of required corrective actions by that entity. Our objective is to review the Bureau’s processes for monitoring and conducting follow-up activities related to final orders.
Audit of the Bureau’s Compliance With the Digital Accountability and Transparency Act of 2014 (DATA Act)

Enacted on May 9, 2014, the Digital Accountability and Transparency Act of 2014 (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.
Bureau: Planned Projects

Bureau Security Control Reviews
The Federal Information Security Modernization Act of 2014 requires that each agency Inspector General evaluate a representative subset of the 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 major applications and general support system components throughout the year. We will use automated audit scanning tools to assist with conducting the reviews.

Evaluation of the Bureau’s Periodic Monitoring of Supervised Institutions
The Bureau has the authority to supervise depository institutions with more than $10 billion in total assets and nondepository institutions in certain markets, including credit reporting agencies. To supplement its onsite examinations of those institutions, the Bureau conducts periodic offsite monitoring of all the depository institutions within its supervisory jurisdiction and certain nondepository institutions, including credit reporting agencies. We plan to evaluate the Division of Supervision, Enforcement and Fair Lending’s policies and procedures for conducting periodic monitoring. This evaluation will assess the implementation of these practices across the Bureau’s regional offices and benchmark the Bureau’s approach to offsite monitoring activities against the monitoring activities of other financial regulators.