

Office of Inspector General

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

Work Plan

Current as of October 1, 2024





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 is conceptual and may not be undertaken.

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

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

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

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 Hiring Practices and Their Effect on Workforce Diversity ISSUED

Third 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.

Calendar Years 2022–2023 Risk Assessment of the Board's Purchase Card Program ISSUED

Third quarter 2024

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

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

Third quarter 2024

Pandemic Response Oversight

In response to the COVID-19 pandemic, the Board established the PPPLF to extend credit to financial institutions that originate loans through the U.S. Small Business Administration's guaranteed Paycheck Protection Program (PPP), taking the PPP loans as collateral. The PPPLF, managed by the Federal Reserve Bank of Minneapolis and operated out of the 12 Federal Reserve Banks, distributed billions of dollars to eligible lenders. We are assessing the

effectiveness of the System's PPPLF processes for (1) identifying and managing risk and unresolved loans, (2) addressing nonpayment, and (3) detecting and mitigating fraudulent collateral.

2024 Audit of the Board's Information Security Program

Fourth quarter 2024

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their respective agency's information security program and practices. To meet FISMA requirements for 2024, we 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 selected 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 2024 FISMA reporting metrics for inspectors general.

Audit of the Board's Financial Statements as of and for the Years Ended December 31, 2024 and 2023

First quarter 2025

We have 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 Travel Card Program

First quarter 2025

The Government Charge Card Abuse Prevention Act of 2012 requires inspectors general of executive agencies to conduct periodic audits of their agency's travel card

or convenience check programs. We are assessing whether the Board has established and maintained effective internal controls for its government travel card program.

Audit of the Federal Financial Institutions Examination Council's (FFIEC) Financial Statements as of and for the Years Ended December 31, 2024 and 2023

First quarter 2025

The Board performs the accounting function for the FFIEC, and we have 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 and Federal Reserve Banks' Bank Exams Tailored to Risk (BETR) Process for Community Banking Organizations

First quarter 2025

In 2019, the Board implemented the BETR process to help determine the scope of the supervisory work performed in safety-and-soundness examinations of community and regional state member banks. The BETR process combines surveillance metrics with examiner judgment to classify the levels of risk at state member banks for individual risk dimensions, such as credit, liquidity, and operational risk. According to the Board, supervisory personnel then tailor the examination work programs to align examination staff resources and activities to a bank's risk profile. We are assessing the Board and Reserve Banks' application of the BETR process for community banking organizations, which are state member banks with less than \$10 billion in total assets.

Evaluation of the Board's Approach to Cybersecurity Supervision for Small Banks

First quarter 2025

Cyberattacks continue to pose challenges for financial institutions. In the past several years, we have

identified cybersecurity oversight of supervised financial institutions as a major management challenge. The Board's August 2023 *Cybersecurity and Financial System Resilience Report* notes that as ransomware and other cyberattacks persist, these attacks may disproportionately affect small banks that may not have sufficient information security resources and capabilities to protect their banking systems against sophisticated actors. We are assessing the effectiveness of the Board's and the Federal Reserve Banks' cybersecurity supervision of community banking organizations.

Evaluation of the Board's Revised Review Process for Redlining Matters

First quarter 2025

The Board seeks to ensure that state member banks within the Board's jurisdiction comply with applicable federal consumer laws and regulations, including those related to fair lending. In 2021, the Board implemented process changes to improve the timeliness of the fair lending review process pertaining to redlining. *Redlining* is a form of illegal disparate treatment in which a lender provides unequal access to credit or unequal credit terms based on the race, color, national origin, or other prohibited characteristics of the residents of an area. We are assessing the Board's implementation of the revised review process for certain redlining matters.

Audit of the Board's Physical Security Program

Second quarter 2025

The Board currently owns or leases space in seven facilities. Protection of both owned and leased spaces falls under the responsibility of the Board's Law Enforcement Unit, whose mission is to provide a safe and secure environment for Board staff and others on Board-designated property. We are assessing whether the Board has implemented and maintains an effective physical security program in Board-leased spaces that safeguards personnel and assets, and prevents unauthorized access.



Board: Projects in Development

Audit of the Board's Processes for Approving and Monitoring the Bureau of Engraving and Printing's (BEP) Multicycle Projects UPDATED

The Board approves the annual currency budget, through which the Board reimburses the BEP for expenses related to the production of Federal Reserve notes. The calendar year 2024 currency budget includes multicycle project funds for (1) the construction of the BEP's new Washington, DC, currency production facility with an estimated total cost of \$1.8 billion, (2) the expansion of the BEP's Fort Worth currency production facility with an estimated total cost of \$282.8 million, and (3) the upgrade of note production equipment with an estimated cost of \$1.3 billion. We plan to assess the Board's processes for approving and monitoring the BEP's multicycle project budget.

We previously referred to this project as "Evaluation of the Board's Processes for Approving and Monitoring the Bureau of Engraving and Printing (BEP) Capital Investment Plan."

Board's Hiring Practices and Their Effect on Workforce Diversity").

We previously referred to this project as "Evaluation of the Hiring Practices of the Board's Economic Divisions and the Effect on Workforce Diversity."

Evaluation of the Board Economics Divisions' Hiring Processes and Their Effect on Workforce Diversity UPDATED

The Division of Management's Talent Acquisition section assists divisions in attracting, selecting, and hiring a well-qualified and diverse workforce. Most of the Board's divisions follow Talent Acquisition's recruiting and hiring process; however, the Board's four economics divisions have a separate recruiting and hiring process for economists and research assistants. Certain demographic groups continue to be underrepresented in these positions, which are integral to a key mission area for the Board. We will determine the extent to which the economics divisions' recruitment and hiring policies, procedures, and practices, including measures to enhance workforce diversity, affect the composition of economist and research assistant staff.

We issued our audit of the other Board divisions' hiring practices in September 2024 (see "Audit of the



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

Board Security Control Reviews

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

Calendar Year 2024 Risk Assessment of the Board's Government Travel Card Program ^{NEW}

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 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 Approach to Information Technology (IT) Governance

IT governance is a formal framework that provides a structure for organizations to ensure that IT investments support business objectives. The Board's strategic plan includes an objective to transform its IT environment and to support emerging technologies that can increase employee productivity, improve operational efficiency, and bolster the agency's resilience in an ever-evolving environment. We plan to assess the Board's processes for ensuring that IT investments support business objectives, including through capital planning and investment control. We also plan to assess the agency's approach to strategically adopting emerging technologies, such as artificial intelligence.

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

The 12 Reserve Banks execute the day-to-day operations of the Federal Reserve System. A nine-member board supervises each Reserve Bank and includes three directors appointed by the Board to represent the public. The Board also approves Reserve Bank presidents and first vice presidents appointed by the Reserve Bank boards. In recent years, the System has increased the overall diversity of Reserve Bank leadership. We will assess the Board's processes for appointing and approving Reserve Bank leaders, including its consideration of diversity and inclusion.



CFPB: Initiated Projects

with calendar quarter of expected completion

Fiscal Years 2022–2023 Risk Assessment of the CFPB’s Purchase Card Program ISSUED

Third quarter 2024

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

Forensic Evaluation to Identify Potential Contractor Overbilling for Labor Hours ISSUED

Third 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 Procurement Process for Awarding Contracts and Managing Associated Cost-Based Modifications

Fourth quarter 2024

The CFPB’s Office of Finance and Procurement oversees the agency’s purchasing activities. The *Federal Acquisition Regulation* requires agencies to establish a statement of work describing the results before awarding contracts. After award, agencies should ensure that cost-based modifications are within the scope of the contract terms. We are assessing whether the CFPB awarded contracts and managed cost-based modifications in a manner consistent with regulations, initial contract terms, and policies and procedures.

Evaluation of the CFPB’s Approach to Transitioning Depository Institutions

Fourth quarter 2024

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 are assessing the processes by which depository institutions transition to CFPB oversight.

2024 Audit of the CFPB’s Information Security Program

Fourth quarter 2024

The Federal Information Security Modernization Act of 2014 (FISMA) requires that each agency inspector general conduct an annual independent evaluation of their respective agency’s information security program

and practices. To meet FISMA requirements for 2024, we 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 selected 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 2024 FISMA reporting metrics for inspectors general.

Evaluation of the CFPB's Approach to Safeguarding Confidential Supervisory Information

First quarter 2025

The CFPB ensures compliance with federal consumer financial laws by supervising market participants. During examinations, CFPB examiners obtain information from supervised entities, including nonpublic, confidential information that could cause harm if lost or misused. CFPB examiners also prepare reports, working papers, and other documents and materials that contain confidential supervisory information. We are assessing the CFPB's controls for safeguarding confidential supervisory information.

Evaluation of the CFPB's Records Management Program

Second quarter 2025

Federal agencies must maintain a records management program that addresses creating, maintaining, and disposing of records. We are assessing whether the CFPB has established such a records management framework that addresses the expectations outlined in federal laws, regulations, and guidance.



CFPB: Projects in Development

Evaluation of the CFPB's Performance Management Process ^{NEW}

The CFPB administers a two-tier performance management system that is designed to create a culture conducive to candid feedback at all employee grade levels. Without an effective performance management system, the CFPB may not be able to drive internal development, which is critical to the agency's ability to achieve results for stakeholders. We plan to assess the CFPB's pass/fail performance system for executive-level employees and the system's alignment with the CFPB's strategic goals.

Evaluation of the CFPB's Space Planning

In December 2022, the CFPB's Human Capital Office negotiated and implemented an agreement with the National Treasury Employees Union establishing the terms and conditions of the CFPB's new hybrid work environment. The agreement addresses policies and procedures for remote work, telework, employee-initiated requests for a change in duty station, work schedules, workspace, and parking. We plan to assess the effectiveness of CFPB's space planning activities following the implementation of its new Remote, Telework, and Hybrid Program.



CFPB: Planned Projects

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

The PIIA requires agency heads to periodically review and identify programs and activities that may be susceptible to significant improper payments. The PIIA requires agency inspectors general to determine each fiscal year whether the agency is in compliance with the PIIA. The CFPB has determined that its Consumer Financial Civil Penalty Fund is subject to the PIIA. We plan to assess 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 their agency's information systems, including third-party systems. To meet this requirement, we will conduct security control reviews of a sample of the CFPB's information systems throughout the year. We will use automated audit scanning tools to assist with conducting the reviews.

Evaluation of the CFPB's Approach to Information Technology (IT) Governance

IT governance is a formal framework that provides a structure for organizations to ensure that IT investments support business objectives. The CFPB's strategic plan notes that to meet its mission, the agency will need to deploy and maintain cost-effective and secure tools and technologies and monitor developments in technology as they intersect with consumer financial markets. We plan to assess the CFPB's processes for ensuring that IT investments support business objectives, including through capital planning and investment control. We also plan to assess the agency's approach to strategically adopting emerging technologies, such as artificial intelligence.

Fiscal Years 2023–2024 Risk Assessment of the CFPB's Government Travel Card Program NEW

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.