



DEPARTMENT OF THE TREASURY
INSPECTOR GENERAL FOR TAX ADMINISTRATION
WASHINGTON, D.C. 20024

February 2, 2026

External Peer Review Report

To: Michael E. Horowitz, Inspector General

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

We reviewed the system of quality control for the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (FRB/CFPB) in effect for the year ended September 30, 2025. A system of quality control includes multiple aspects of an organization, including, but not limited to, policies and procedures designed to provide reasonable assurance of complying with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) Quality Standards for Inspection and Evaluation, December 2020 (Blue Book).

In our opinion, the system of quality control for the FRB/CFPB in effect for the year ended September 30, 2025, has been suitably designed and complied with to provide the Treasury Inspector General for Tax Administration (TIGTA) with reasonable assurance of performing and reporting in conformity with the Blue Book.

Inspection and Evaluation (I&E) organizations can receive a rating of pass, pass with deficiencies, or fail. The FRB/CFPB has received an external peer review rating of pass.

Basis of Opinion

This required external peer review was conducted in accordance with CIGIE's Guide for Conducting External Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General (July 2023) and the Memorandum of Understanding between the Offices of the Inspectors General of the TIGTA and the FRB/CFPB entered into on 12/3/2025.

During our review, we interviewed FRB/CFPB Office of Audit and Evaluations and Office of Information Technology personnel and obtained an understanding of the nature of the function and the design of the FRB/CFPB's system of quality control sufficient to assess the risks implicit in its Office of Audit and Evaluations and Office of Information Technology function, both functions produce audits, inspections, and evaluations. Based on our assessments, we selected evaluation reports and administrative files to test for conformity with Blue Book standards and compliance with the FRB/CFPB's system of quality control.

In performing our review, we obtained an understanding of the system of quality control for the FRB/CFPB's Office of Audit and Evaluations and Office of Information

Technology's function. In addition, we tested compliance with the FRB/CFPB's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the FRB/CFPB's policies and procedures on selected I&E reports. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with FRB/CFPB management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the FRB/CFPB's offices that we visited and the I&E reports we reviewed. The FRB/CFPB's management officials provided a response to our Peer Review Report (Enclosure 2) in which they agreed with our overall rating.

Responsibilities and Limitations

The FRB/CFPB is responsible for establishing and maintaining a system of quality control designed to provide the FRB/CFPB with reasonable assurance that the organization and its personnel comply in all material respects with Blue Book standards. Our responsibility is to express an opinion on the design of the system of quality control and the FRB/CFPB's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate.



Heather M. Hill, Principal Deputy Inspector General

Enclosure(s)

ENCLOSURE 1: SCOPE AND METHODOLOGY

We reviewed compliance with the FRB/CFPB's Office of Audit and Evaluations and Office of Information Technology's system of quality control in effect for the year ended September 30, 2025, to the extent we considered appropriate. The FRB/CFPB Office of Audit and Evaluations consists of the following components that publish reports under Blue Book standards: Supervision and Regulation, Management Operations, and Financial Management and Internal Control. The FRB/CFPB Office of Information Technology also publishes reports under the Blue Book Standards. During this review period there were no reports published under the Blue Book Standards by the FRB/CFPB Office of Information Technology.

The FRB/CFPB provided a list of 7 evaluation reports published by 2 of the 3 components from the Office of Audit and Evaluations between October 1, 2024, and September 30, 2025, including the name of each report, the component that prepared each report, and the applicable guidance with which each report complied. The Financial Management and Internal Control component did not issue any evaluation reports during the review period. Our review was based on ensuring a representative sample from the remaining two components, taking into consideration the total number of reports issued for each component during the review period.

We selected the following three reports for review:

1. The Bank Exams Tailored to Risk Process Promotes Risk-Focused Supervision of Community Banking Organizations, but Training Can Be Enhanced, 2025-SR-B-003, issued March 3, 2025.
2. The CFPB Can Improve Its Safeguards for Protecting Confidential Supervisory Information, 2025-SR-C-005, issued May 5, 2025.
3. The Board's Law Enforcement Unit Can Clarify Its Authority and Document Processes for Its Physical Security Program, 2025-MO-B-010, issued August 20, 2025.

The TIGTA team conducted an onsite visit in the FRB/CFPB Washington, DC office during the week of January 14, 2026, and completed in-person interviews to obtain a better understanding of policies and procedures. The team also reviewed workpapers, results from prior peer reviews, recently issued internal quality assurance reports, and relevant guidance.

There were no constraints on the TIGTA team's ability to exercise its professional judgment and no limitations on or impairments to the TIGTA team's independence.

ENCLOSURE 2: REVIEWED ORGANIZATION'S COMMENTS TO DRAFT PEER REVIEW REPORT



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

January 30, 2026

Heather M. Hill
Principal Deputy Inspector General
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Ms. Hill:

Thank you for the opportunity to comment on the draft *External Peer Review Report*. We are pleased that your review resulted in a *pass* rating and concluded that our policies and procedures were consistent with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. We are also pleased that the three reviewed reports generally complied with these standards and our internal policies and procedures.

We would like to thank you and your team for the thorough and professional review.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael E. Horowitz', is written over a light blue horizontal line.

Michael E. Horowitz
Inspector General