



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

March 10, 2023

Mark Bialek, Inspector General
Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau
20th Street and Constitution Avenue NW, Mail Center I-2322
Washington, DC 20551

Dear Mr. Bialek:

This required external peer review was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Inspection and Evaluation Committee guidance as contained in the CIGIE *Guide for Conducting Peer Reviews of Inspection and Evaluation Organizations of Federal Offices of Inspector General* (December 2021). The peer review was conducted from October 11, 2022, through March 10, 2023.

The U.S. Department of Justice Office of the Inspector General's Evaluation and Inspections Division (Review Team) assessed the extent to which the Office of Audits and Evaluations (OAE) and Office of Information Technology (OIT) of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Office of Inspector General (FRB/CFPB OIG) complied with the CIGIE *Quality Standards for Inspection and Evaluation* (January 2012 and December 2020 (Blue Book)).¹ This assessment included a review of the FRB/CFPB OIG's internal policies and procedures (Evaluation Manuals 2021 and 2022) implementing the Blue Book standards. It also included a review of three inspection and evaluation reports issued between October 1, 2020, and September 30, 2022, to determine whether the reports complied with the covered Blue Book standards and the FRB/CFPB OIG's internal policies and procedures. See Enclosure 1 for an overview of the Review Team's Scope and Methodology.

The Review Team determined that OAE and OIT policies and procedures were consistent with the December 2020 Blue Book standards addressed in the external peer review. All three reviewed reports generally complied with the covered Blue Book standards and OAE and OIT internal policies and procedures.

FRB/CFPB OIG management provided a response to our peer review report (see Enclosure 2).

On behalf of the Review Team, I want to thank you for the professionalism, assistance, and cooperation of your staff during this review.

Sincerely,

Michael E. Horowitz
Inspector General

Enclosures

¹ The January 2012 Blue Book consisted of 14 quality standards. The December 2020 Blue Book condensed the 14 standards to 7. For the purposes of this review, we will refer to the seven standards only.

The Review Team's Scope and Methodology

The Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Office of Inspector General (FRB/CFPB OIG) consists of the following components that publish reports under Blue Book standards: Information Technology (IT), Supervision and Regulation (SR), Management Operations (MO), and Financial Management and Internal Control (FMIC). The FRB/CFPB OIG provided a list of 11 evaluation reports published by 3 of the 4 components between October 1, 2020, and September 30, 2022, including the name of each report, the component that prepared each report, and the applicable Blue Book (2012 or 2020) with which each report complied. The FMIC component did not issue any evaluation reports during the review period.

To provide a greater representation of the work conducted by the FRB/CFPB OIG, the Review Team selected the most current report issued from each of the three FRB/CFPB OIG components that issued reports in accordance with Blue Book standards during the review period. The MO component was the only component to release reports in accordance with the 2020 CIGIE Blue Book and the FRB/CFPB OIG 2021 Evaluation Manual. The IT and SR components released reports in accordance with the 2012 CIGIE Blue Book and a former FRB/CFPB OIG policy, AE-011.

The Department of Justice Office of the Inspector General Review Team selected the following FRB/CFPB OIG reports for review:

- *The CFPB Is Generally Prepared to Implement the OPEN Government Data Act and Can Take Additional Steps to Further Align with Related Requirements*, 2022-MO-C-012 (September 2022);
- *The Board Can Strengthen Inventory and Cybersecurity Life Cycle Processes for Cloud Systems*, 2022-IT-B-006 (March 2022); and
- *The Bureau Can Further Enhance Certain Aspects of Its Approach to Supervising Nondepository Institutions*, 2021-SR-C-017 (December 2021).

The Review Team conducted the peer review virtually, which did not include any on-site visits. However, the Review Team conducted virtual interviews with FRB/CFPB OIG Office of Audits and Evaluations and Office of Information Technology personnel to obtain a better understanding of their policies and procedures.

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

The Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Office of Inspector General's Comments to Draft Peer Review Report



Office of Inspector General

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

February 22, 2023

Michael E. Horowitz
Inspector General
U.S. Department of Justice 950
Pennsylvania Avenue NW
Washington, DC 20530

Dear Mr. Horowitz:

Thank you for the opportunity to comment on the draft *External Peer Review Report*. We are pleased that your review 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 the review team for the thorough and professional review.

Sincerely,

A handwritten signature in black ink, reading "Mark Bialek". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mark Bialek
Inspector General