



OFFICE OF INSPECTOR GENERAL  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
CONSUMER FINANCIAL PROTECTION BUREAU  
WASHINGTON, DC 20551

October 3, 2013

Mr. Richard Fischer  
Mr. Eric Rodriguez  
Bipartisan Policy Center  
1225 Eye Street, NW, Suite 1000  
Washington, DC 20005

Dear Mr. Fischer and Mr. Rodriguez:

I am writing regarding your recently issued report, *The Consumer Financial Protection Bureau: Measuring the Progress of a New Agency*, in which you comment on the authority of the Office of Inspector General (OIG) for the Consumer Financial Protection Bureau (CFPB) and the Board of Governors of the Federal Reserve System (Board).

While we found your review and analysis of the CFPB's programs and operations insightful and were pleased that some our work was referenced in the report, we are concerned with the following statement, found on page 43:

The Bureau should have all of the other trademarks of accountability that independent bank regulators share. The Dodd-Frank Act contains semi-annual reporting requirements to Congress, which the Task Force fully supports. **An independent Bureau should have a correspondingly independent inspector general with full investigative and reporting powers.** For example, the Bureau currently shares the Federal Reserve Board's inspector general, who lacks some of the authority of other inspectors general. **Therefore, the Task Force recommends that a separate office of inspector general be established for the CFPB.**<sup>1</sup> (Bold in the original)

Contrary to your statement, I can assure you that our office does have the full audit, investigative, and reporting powers, including law enforcement authority, that are afforded to Inspectors General (IGs) under the IG Act of 1978, as amended. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) designated the OIG for the Board as the independent oversight authority for the CFPB. Notably, the Dodd-Frank Act ensured that our office has "all of the authorities and responsibilities provided by [the Inspector General] Act with

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1. This recommendation is also found on page 9 of the report.

respect to the Bureau of Consumer Financial Protection, as if the Bureau were part of the Board of Governors of the Federal Reserve System.” See Pub. L. No. 111-203, § 1081, 124 Stat. 1376, 2080 (2010) (codified at 5 U.S.C. app. § 8G(c)). Accordingly, we have the authority to conduct investigations, audits, evaluations, inspections, and other reviews of the programs and operations of the Board and the CFPB as we deem appropriate.

The Dodd-Frank Act also gave our office significant independence with respect to the CFPB. Specifically, the authority to designate an IG for the Board and the CFPB resides with the Chairman of the Federal Reserve Board, not the CFPB Director. Moreover, the IG for the Board and the CFPB can only be removed with a two-thirds vote of the Board of Governors and the agreement of the CFPB Director. These appointment and removal provisions make our office’s oversight relationship with the CFPB one of the most independent in the federal government.

To state that we lack authorities granted to other IGs is incorrect and unfounded. As the IG for the CFPB, I can assure you that our office is well positioned to continue providing the vigorous CFPB oversight that Congress is seeking. We believe, therefore, that a correction should be made to your report regarding your interpretation of our authorities, which serves as the basis for your recommendation that a separate IG be designated for the CFPB.

Moreover the OIG understands the risks associated with the CFPB’s programs and operations, and we have tailored our audit approach accordingly. Indeed, since 2011, we have issued 10 reports on the CFPB and our current *Work Plan* details 15 in-progress and planned CFPB projects, many of which overlap with the topics and recommendations discussed in your report. For example, your report cited our information technology security reviews of CFPB’s Consumer Response System and the agency’s compliance with the Federal Information Security Management Act of 2002, as well as our ongoing review of the CFPB’s integration of enforcement attorneys into examinations. Our in-progress work includes reviewing CFPB’s supervision program, cloud computing environment, activities under the Government Performance and Results Act, and the hiring process, among other areas. In addition, we are planning to undertake several projects, including a joint review with the OIGs of the Department of the Treasury and the Federal Deposit Insurance Corporation on the CFPB’s coordination with other prudential regulators, a review of the CFPB’s public Consumer Complaint Database, and an effort to capture the universe of auditable activities at the CFPB to identify further areas of risk and vulnerability that will help inform future OIG work.

In light of the references to our work and the characterizations of our authority, we were surprised that you did not contact us prior to issuing your report. We would welcome the opportunity to discuss with you our current and planned work, authorities, independence, or any other issues concerning the CFPB. You can contact me at 202-973-5005; Tony Ogden, Deputy Inspector General, at 202-973-5022; or John Manibusan, Assistant Congressional and Media Liaison, at 202-973-5043.

Sincerely,



Mark Bialek  
Inspector General

cc: General Charles F. (Chuck) Wald, USAF (ret.), Chairman, Bipartisan Policy Center  
Jason Grumet, President, Bipartisan Policy Center  
Aaron Klein, Director of the Financial Regulatory Reform Initiative,  
Bipartisan Policy Center