



OFFICE OF INSPECTOR GENERAL

Evaluation Report

2013-AE-C-011

Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences

August 26, 2013

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

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Abbreviations

BPD ARC	Bureau of Public Debt's Administrative Resource Center
CFO	Chief Financial Officer
CFPB	Consumer Financial Protection Bureau
GSA	General Services Administration
OHC	Office of Human Capital
OIG	Office of Inspector General
Treasury DO	Department of the Treasury Departmental Offices



Executive Summary:

Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences

2013-AE-C-011

August 26, 2013

Purpose

Our evaluation determined the Consumer Financial Protection Bureau's (CFPB's) management controls, including its policies, procedures, and practices, associated with the agency's sponsored and nonsponsored conferences. Additionally, we assessed whether the CFPB's conference expenses and practices followed applicable policies and procedures. We initiated this evaluation, in part, to determine whether the facts, circumstances, and findings reported in the General Services Administration (GSA) Office of Inspector General's *2010 Western Regions Conference* investigation report, issued on April 2, 2012, had also occurred at the CFPB.

Background

The CFPB's Chief Financial Officer (CFO) formed a CFO Internal Review Team in response to the GSA Office of Inspector General's report to assess the CFPB's compliance with internal controls for conference-related activities. Subsequently, the CFPB implemented two conference-related policies in May 2012.

The CFPB has four acquisition approaches through which to coordinate conferences: the Department of the Treasury Departmental Offices, the Bureau of Public Debt's Administrative Resource Center, the CFPB's Office of Procurement, and the use of purchase cards by CFPB offices.

Findings

We found that although the CFPB's *Policy for Conference/Meeting Planning and Attendance* identified roles and responsibilities for conference coordination and approval, it did not adequately reflect the CFPB's current process for conference activities in certain respects. For example, the policy does not define the individuals who are authorized to coordinate and approve conferences, and it contains limited monetary threshold guidance for two of the four acquisition approaches and does not mention a third. In addition, we found that the policy does not include guidance on the expedited approval process for training requests that is provided in the CFPB's *Non-Academic External Training and Education Policy*. Consistency between policies would provide employees with clear guidance on the conference approval process.

We did not identify any material discrepancies in our sample testing of conference expenses. However, our sample testing did show that the Office of Human Capital has not consistently obtained conference and training certificates and affidavits from employees who attend conferences or training, as required by the *Non-Academic External Training and Education Policy*. Inadequate recordkeeping and lack of reviews increase the risk that the CFPB could expend funds for conferences and training that employees do not attend or complete.

Recommendations

We recommend that the CFPB update its policies and procedures for conference activities to accurately reflect the agency's current processes for conference coordination and approval, periodically review its conference policies and procedures and update them as needed, and conduct monthly reviews to ensure the receipt of training certificates and affidavits and follow up to obtain outstanding documentation.

Management stated that it concurred with the process improvements included in our recommendations and has begun implementing specific aspects of the recommendations. Management also provided additional perspective on the recommendations and information on completed and planned actions to further enhance conference-related processes and related controls.

Access the full report: http://www.federalreserve.gov/oig/files/CFPB_Conference_Policies_Procedures_full_Aug2013.pdf

For more information, contact the OIG at 202-973-5000 or visit <http://www.consumerfinance.gov/oig>.

Summary of Recommendations, OIG Report No. 2013-AE-C-011

Rec. no.	Report page no.	Recommendation	Responsible office
1	6	<p>Update policies and procedures to accurately reflect the current processes for conference coordination and approval. Updates should</p> <ul style="list-style-type: none">a. define the title, level, or position of individuals authorized to coordinate and approve conferences.b. clarify the procedures for all conference acquisition approaches, including the Bureau of Public Debt's Administrative Resource Center.	Office of the Chief Financial Officer
2	6	<p>Periodically review and update existing policies and procedures related to conferences to ensure that they are consistent with each other and with current practices.</p>	Office of the Chief Financial Officer
3	8	<p>Amend the <i>Non-Academic External Training and Education Policy</i> to require that the Office of Human Capital conduct monthly reviews to ensure the receipt of training certificates and affidavits.</p>	Office of Human Capital
4	9	<p>Follow up with conference attendees and supervisors to obtain outstanding documentation.</p>	Office of Human Capital



OFFICE OF INSPECTOR GENERAL
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
CONSUMER FINANCIAL PROTECTION BUREAU

August 26, 2013

MEMORANDUM

TO: Stephen Agostini
Chief Financial Officer
Consumer Financial Protection Bureau

Dennis Slagter
Chief Human Capital Officer
Consumer Financial Protection Bureau

FROM: Melissa Heist *Melissa M. Heist*
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report No. 2013-AE-C-011: *Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences*

Attached is the Office of Inspector General's report on the subject evaluation. We conducted this evaluation to determine the Consumer Financial Protection Bureau's (CFPB's) management controls, including its policies, procedures, and practices, associated with the agency's sponsored and nonsponsored conferences. Additionally, we assessed whether the CFPB's conference expenses and practices followed applicable policies and procedures.

We provided you with a draft of our report for review and comment. In the Chief Operating Officer's response, he concurred with our recommendations and outlined actions that have been taken or will be implemented to address our recommendations. We have included his response as appendix C to our report.

We appreciate the cooperation that we received from the CFPB's Office of the Chief Financial Officer, Office of Procurement, Office of Human Capital, and Office of External Affairs. Additionally, we appreciate the cooperation of the Department of the Treasury Departmental Offices and the Department of the Treasury's Bureau of Public Debt. Please contact me if you would like to discuss this report or any related issues.

Attachment

cc: Sartaj Alag
David Gragan
Joshua Galicki

Contents

Introduction	1
Objectives	1
Background	1
Commendable Actions	2
Finding 1: The CFPB Should Update Conference-Related Policies and Procedures	4
Policy and Supporting Procedures Do Not Clearly Define Who Has the Authority to Coordinate and Approve Conferences	4
Policy Provides Limited Guidance for the Treasury DO and Office of Procurement Acquisition Approaches	5
Policy Provides No Guidance for the BPD ARC Acquisition Approach	5
Policies Include Inconsistent Guidance on Training Request Forms	5
Summary	5
Recommendations	6
Management’s Response	6
OIG Comment	7
Finding 2: The CFPB’s OHC Should Conduct Monthly Reviews of Training Certificates and Affidavits	8
The OHC Is Not Consistently Obtaining Attendance and Completion Documentation	8
Recommendations	8
Management’s Response	9
OIG Comment	10
Other Matter for Management’s Consideration	11
Appendix A: Scope and Methodology	12
Appendix B: Summary of Agency-Sponsored and Nonsponsored Conferences Identified and Reviewed	13
Appendix C: Management’s Response	14

Introduction

Objectives

The Office of Inspector General (OIG) conducted an evaluation of the Consumer Financial Protection Bureau's (CFPB's) conference activities. Our objectives were to (1) determine the CFPB's management controls, including its policies, procedures, and practices associated with the agency's sponsored and nonsponsored conferences,¹ and (2) assess whether the CFPB's conference expenses and practices followed applicable policies and procedures.

We initiated this evaluation, in part, to determine whether the facts, circumstances, and findings of the General Services Administration (GSA) OIG's *2010 Western Regions Conference* investigation report, issued on April 2, 2012, had also occurred at the CFPB.² Upon initiating our evaluation, we learned that the CFPB's Chief Financial Officer (CFO), in response to the GSA OIG's report, had formed the CFO Internal Review Team to assess the CFPB's compliance with internal controls over conference-related activities and meetings. As a result, we designed our evaluation to minimize any duplication of effort by focusing on the CFPB's newly created policies and procedures that resulted, in part, from the CFO Internal Review Team's efforts.

To accomplish our objectives, we reviewed the CFPB's *Policy for Conference/Meeting Planning and Attendance and Non-Academic External Training and Education Policy*, and we interviewed members of the CFO Internal Review Team and staff in the Offices of Procurement and External Affairs. We also interviewed staff of the Department of the Treasury Departmental Offices (Treasury DO) and the Bureau of Public Debt's Administrative Resource Center (BPD ARC) who were involved in coordinating conference activities on the CFPB's behalf. We conducted testing to assess the effectiveness of the controls and compliance with policies and procedures. The scope of our audit was from January 1, 2011, through September 30, 2012, and included 144 conferences totaling \$397,724.³ For additional information regarding our scope and methodology, see appendixes A and B.

Background

Section 1066 of the Dodd-Frank Wall Street Reform and Consumer Protection Act authorized the CFPB to operate under authorities granted to the Secretary of the Treasury until the confirmation of the Director of the CFPB. The CFPB established two agreements with the Department of the

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1. For the purposes of this review, agency-sponsored conferences are planned by the CFPB for its employees and nonsponsored conferences are planned by an entity outside of the CFPB and attended by CFPB employees.
 2. GSA OIG's report identified excessive, wasteful, and impermissible conference spending during the 2010 Western Regions Conference.
 3. The CFPB does not have a central tracking mechanism for conferences. This matter was identified by the CFO's internal review, and therefore, we could not conduct completeness testing of the number of conferences and the corresponding amounts reported to us by the CFPB.

Treasury to provide administrative services, including conference-related support.⁴ The agency executed its agreement with BPD ARC, which covers various administrative services including procurement and event service support, on November 21, 2011, and its agreement with the Treasury DO on December 2, 2011. These are the two external approaches through which the CFPB coordinates conference activities. In addition, the CFPB has two internal approaches to coordinating conferences: the Office of Procurement and CFPB offices' use of agency-issued purchase cards.

The CFPB began drafting a conference memorandum in November 2011. After receiving input from CFPB managers, the draft memorandum was forwarded to the Chief Operating Officer in January 2012. The CFPB incorporated this memorandum into policy and conducted a Chief Operating Officer review and comment process during the second quarter of 2012. As a result, the CFPB implemented the *Policy for Conference/Meeting Planning and Attendance* on May 22, 2012. This policy, which incorporates associated procedures, covers both agency-sponsored and nonsponsored conference activities. According to the policy, agency-sponsored conferences are coordinated through Treasury DO or the Office of Procurement and nonsponsored conferences attended by CFPB staff are coordinated through the Office of Procurement or use of purchase cards by CFPB offices.

On May 11, 2012, the agency implemented its *Non-Academic External Training and Education Policy*, which covers the policy and procedures for attendance at external conferences and trainings. Among other things, this policy requires that external training (1) be related to an employee's official duties, (2) address an identified developmental need for the employee, and (3) not be available internally. This policy also outlines covered expenses, reimbursement guidelines, continued service agreements, and approval authorities. Both the *Non-Academic External Training and Education Policy* and the *Policy for Conference/Meeting Planning and Attendance* require that CFPB employees complete an SF-182 form⁵ for nonsponsored conferences and external training courses.

Commendable Actions

After the release of the April 2012 GSA OIG's report, the CFO Internal Review Team conducted a review of conference activities and meetings that took place prior to the implementation of the CFPB's May 2012 policies and procedures. The purpose of this review was to assess the CFPB's internal controls over conference-related activities. During its review, the CFO Internal Review Team identified four acquisition approaches used by the CFPB to coordinate conferences. The review assessed conference travel and costs, such as room rentals, meals, and incidentals, incurred from July 21, 2011, through May 31, 2012.

On September 5, 2012, the CFO Internal Review Team issued an internal report detailing the results of this review.⁶ The report included six suggested actions related to compliance with

4. Initially, the term for the agreements with Treasury DO and BPD ARC covered October 1, 2011, through September 30, 2012, but the CFPB subsequently extended the term through September 30, 2013.
5. SF-182 forms are used to obtain preapproval for nonsponsored conferences and external training courses attended by CFPB employees.
6. *CFO Review of Conference and Meeting Activities: Internal Control Review of Conferences, Events, and Meetings Identified Opportunities for Improvement*, September 5, 2012.

CFPB policies and procedures to improve the efficiency and effectiveness of operations and enhance internal controls. The CFPB indicated to us that it is implementing the recommended actions. We did not assess the agency's progress in implementing the recommended actions as part of our evaluation.⁷

After the CFO's internal review, CFPB management requested that employees who attended conferences and external training from July 21, 2011, through May 22, 2012, retroactively complete SF-182 forms and provide acceptable proof of completion for recordkeeping purposes. During our evaluation, we observed that employees are responding to this request.

7. The CFPB is currently drafting a *Conference Approval and Post Evaluation Policy* to address the recommendations made in the CFPB internal review report. Because this policy has not been finalized, we were unable to conduct related testing.

Finding 1: The CFPB Should Update Conference-Related Policies and Procedures

We found that although the CFPB's *Policy for Conference/Meeting Planning and Attendance* identified roles and responsibilities for conference coordination and approval, it did not adequately reflect the CFPB's current process for conference activities in certain respects. For example, the policy does not define the individuals, by title, level, or position, who are authorized to coordinate conferences; it contains limited guidance for the Treasury DO and the Office of Procurement acquisition approaches; and it provides no guidance for the BPD ARC approach. In addition, we found that the policy does not include guidance provided in the *Non-Academic External Training and Education Policy* pertaining to the expedited approval process for training requests. The inconsistencies between policies and process are likely attributable to the dynamic nature of change at a new agency like the CFPB, and the inconsistency between the two policies related to the submission of the training requests is likely attributable to the need for enhanced coordination when implementing multiple policies in close succession. If policies and procedures do not reflect current practices, the agency may procure conferences without appropriate approval.

Policy and Supporting Procedures Do Not Clearly Define Who Has the Authority to Coordinate and Approve Conferences

The *Policy for Conference/Meeting Planning and Attendance* does not provide clear guidance on the authority to coordinate and approve conferences. We reviewed the policy and the supporting procedures to assess the effectiveness of the internal control structure described in the materials and to evaluate whether the materials accurately reflected current conference practices. The policy identifies the roles and responsibilities of the CFPB's departmental offices and office heads as follows:

Office Heads are responsible for coordinating and approving their Office's request for a CFPB-sponsored conference or meeting consistent with this policy. CFPB office heads are also responsible for maintaining supporting documentation regarding conferences and training.

However, the policy and supporting procedures do not clearly delineate or define which employees, by title, level, or position, are considered to be office heads.

Our review of conferences planned by Treasury DO identified that individuals in a variety of positions and staff levels at the CFPB coordinated and approved conferences. For example, in our review of 10 conferences planned by Treasury DO, we identified that conferences were coordinated and/or approved by individuals in the following positions at the CFPB: Administration Operations Assistant, Director of Regional Examinations, Examiner, Supervisory Examiner, Human Resources Specialist, Training Coordinator, Senior Procurement Analyst, Supervisory Program and Management Analyst, and Budget Analyst. Because the term *office heads* had not been defined, we could not determine whether these conference coordinators and approvers met the standards outlined in the policy and procedures.

Policy Provides Limited Guidance for the Treasury DO and Office of Procurement Acquisition Approaches

The *Policy for Conference/Meeting Planning and Attendance* does not specify the criteria for using the Treasury DO approach instead of the Office of Procurement approach. We determined that in practice, the CFPB uses the Treasury DO acquisition approach to procure agency-sponsored conferences under \$25,000 and uses the Office of Procurement acquisition approach to procure agency-sponsored conferences above \$25,000. The *Policy for Conference/Meeting Planning and Attendance*, however, does not specify the \$25,000 threshold as a criterion for determining the approach to be used. Rather, the policy indicates that the Office of Procurement should be contacted if Treasury DO cannot accommodate the request to coordinate a conference. We believe that the policy should specify this monetary threshold as the determining factor for these acquisition approaches.

Policy Provides No Guidance for the BPD ARC Acquisition Approach

The *Policy for Conference/Meeting Planning and Attendance* does not mention the BPD ARC acquisition approach. BPD ARC has an agreement with the CFPB that authorizes it to perform procurement services on the CFPB's behalf. In practice, upon receiving a request for agency-sponsored or nonsponsored conference support, the CFPB's Office of Procurement determines whether internal resources are available to complete the procurement process; if not, the conference will be procured through BPD ARC. The Office of Procurement has the discretion to make this determination based on the availability of resources. During our evaluation, we identified nine conference contracts procured through BPD ARC. In our opinion, the conference policies should describe each of the acquisition approaches used by the agency and the determining factors for using each.

Policies Include Inconsistent Guidance on Training Request Forms

The *Non-Academic External Training and Education Policy* and the *Policy for Conference/Meeting Planning and Attendance* require employees to complete SF-182 forms for training requests but provide inconsistent guidance as to when the SF-182 forms should be approved and submitted to the Office of Human Capital (OHC). Both policies require that forms be approved and submitted to the OHC prior to the staff member registering for the applicable conference or training. The *Policy for Conference/Meeting Planning and Attendance* requires that all SF-182 forms be approved and submitted to the OHC 10 days prior to the conference registration date. The *Non-Academic External Training and Education Policy*, however, also describes a process for expediting the approval of SF-182 forms submitted less than 10 days before the conference registration date. We believe that these policies should provide consistent guidance with respect to SF-182 form approval requirements.

Summary

The *Policy for Conference/Meeting Planning and Attendance* does not clearly define which employees have approval authority for conferences and does not adequately describe and provide

parameters for the four acquisition approaches. In addition, the policy does not include guidance on expedited SF-182 form approval, which is included in the *Non-Academic External Training and Education Policy*. Policies should be updated to ensure that the CFPB provides consistent guidance on conference activities, including (1) defining the appropriate title, level, or position of individuals responsible for conference coordination and approval; (2) identifying when to use each of the four acquisition approaches for conference coordination; and (3) consistently reflecting SF-182 form submission requirements.

Recommendations

We recommend that the CFO

1. Update policies and procedures to accurately reflect the current processes for conference coordination and approval. Updates should
 - a. define the title, level, or position of individuals authorized to coordinate and approve conferences.
 - b. clarify the procedures for all conference acquisition approaches, including BPD ARC.
2. Periodically review and update existing policies and procedures related to conferences to ensure that they are consistent with each other and with current practices.

Management's Response

Regarding recommendation 1, the Chief Operating Officer stated the following:

Management concurs with this recommendation and notes that, as discussed in the OIG's report, the existing conferences policy does identify the roles and responsibilities for conference coordination and approval. The Bureau is currently in the process of enhancing the conferences policy to provide additional detail regarding employees authorized to coordinate and approve conferences, meetings, and other events. The updated policy will also identify all conference acquisition approaches utilized by the Bureau and provide additional detail regarding the criteria for each approach. The Bureau will continue to revisit and update this policy periodically to reflect evolving Bureau practices in order to ensure that conference costs and activities are appropriately and efficiently utilized.

Regarding recommendation 2, the Chief Operating Officer stated the following:

Management concurs with this recommendation. Since the Bureau's launch on July 21, 2011, it has made considerable progress in developing the policies and procedures necessary to carry out its mission. As the Bureau's internal practices have evolved in scope and complexity, it periodically revisits these policies and

procedures in an effort to ensure that they reflect the most up-to-date and best practices and are consistent with other Bureau policies and procedures. In addition to updating the existing conferences policy, the Bureau is simultaneously reviewing other policies and procedures related to conferences to ensure a consistent and coordinated framework. These periodic reviews will be a part of continuing efforts to update and improve the Bureau's processes.

OIG Comment

In our opinion, the actions described by the Chief Operating Officer are responsive to our recommendations, and we plan to follow up on the CFO's actions to ensure that each recommendation is fully addressed.

Finding 2: The CFPB's OHC Should Conduct Monthly Reviews of Training Certificates and Affidavits

Overall, we did not identify any material discrepancies in our sample testing of conference expenses. However, our sample testing did show that the OHC has not consistently obtained conference and training certificates and affidavits from employees who attend conferences or training. The *Non-Academic External Training and Education Policy* requires employees to submit training certificates or affidavits to validate employee attendance at conferences and training; however, the policy does not require the OHC to conduct reviews of conference and training documentation. Inadequate recordkeeping and lack of reviews increase the risk that noncompliance with the policy will remain undetected, and instances of noncompliance may increase the risk that the CFPB could expend funds for conferences and training that employees do not attend or complete.

The OHC Is Not Consistently Obtaining Attendance and Completion Documentation

Employees are not consistently submitting evidence of conference attendance or training completion. The *Non-Academic External Training and Education Policy* requires evidence of attendance or completion in the form of a certificate of completion or a signed affidavit. With regard to employees who do not complete training or attend a conference, the policy states that

An employee must reimburse CFPB for the total cost of a learning opportunity paid for, but not successfully completed, if s/he fails to provide adequate documentation of completion to the Office of Human Capital (OHC) within 30 calendar days of the program end.

We used SF-182 training approval forms to identify 17 employees who attended external training after the May 11, 2012, policy implementation date. We reviewed the corresponding training certificates and affidavits to determine whether these employees submitted the required documentation within the 30-calendar-day deadline. Seven of the conference attendees did not provide training certificates or affidavits to the OHC within the 30-day time frame as prescribed by the policy. Further, we found that one of the affidavits was electronically signed on March 22, 2013, but was backdated in writing to July 19, 2012. Without proof of completion, the CFPB could be paying for conferences and training that employees do not attend or complete.

Recommendations

We recommend that the OHC

3. Amend the *Non-Academic External Training and Education Policy* to require that the OHC conduct monthly reviews to ensure the receipt of training certificates and affidavits.

4. Follow up with conference attendees and supervisors to obtain outstanding documentation.

Management's Response

Regarding recommendation 3, the Chief Operating Officer stated the following:

Management concurs with this recommendation. Since the conclusion of the OIG's test work, the Bureau has reviewed the referenced policy, procedures, and related documentation. The Bureau has already taken actions to clarify and enhance the policy language, and has created an External Training Standard Operating Procedure (SOP) outlining the roles and responsibilities of each Bureau employee in the process. Further, since the end of the test period, September, 2012, OHC has automated the SF-182 External Education Request form, incorporating it into the Learning Management System (LMS) which enhances the workflows, records approval steps, and provides the needed documentation to support the Policy. OHC has benchmarked other agencies in accordance with like policies and procedures, and finds them in alignment with our enhanced approach. OHC has also created revisions to the External Training Policy to clarify language and separate tasking steps into the SOP for cleaner language and processing. Lastly, as part of the SOP, OHC has clarified process and language to ensure the proper receipt of training certifications and affidavits, and has created an audit process to outline a monthly review against these procedures and documentation.

Regarding recommendation 4, the Chief Operating Officer stated the following:

Management concurs with this recommendation. By automating the SF-182 External Training Request Form, and incorporated it into the Learning Management System (LMS), OHC bolstered the documentation of requesting employees, supervisors, and OHC as part of the approval and record keeping for conference requests. The last step in the automated SF-182 workflow, includes a verification process completed by both the employee and the supervisor, validating that the employee did, in fact, attend the conference. This approach is utilized by other federal agencies that the Bureau has benchmarked following the OIG Audit findings. Further, OHC has outlined this process in a new standard operating procedure (SOP) for external training, which outlines process steps to ensure the proper receipt of training certifications and affidavits. Also as part of the external training SOP, OHC has created an audit process for monthly review against these procedures and documentation of employee conference attendance. OHC anticipates full implementation of the updated audit process by October, 2013.

OIG Comment

In our opinion, the actions described by the Chief Operating Officer are responsive to our recommendations, and we plan to follow up on the OHC's actions to ensure that each recommendation is fully addressed.

Other Matter for Management's Consideration

During our review, we identified that the CFPB does not have a central tracking mechanism for agency-sponsored and nonsponsored conferences. This issue was also highlighted in the CFO Internal Review Team's report, *CFO Review of Conference and Meeting Activities: Internal Control Review of Conferences, Events, and Meetings Identified Opportunities for Improvement*, dated September 5, 2012. Because the CFPB does not have a central tracking system, we could not conduct completeness testing for confirmation of the number of conferences and the corresponding amounts reported by the CFPB. The CFPB is currently drafting a *Conference Approval and Post Evaluation Policy* to address the recommendations made in the CFPB internal review report, including enhanced monitoring of conference activities. Because this policy has not been finalized, we were unable to conduct related testing.

Appendix A

Scope and Methodology

To accomplish our objectives, we reviewed the CFPB's *Policy for Conference/Meeting Planning and Attendance* and *Non-Academic External Training and Education Policy* to identify risks and corresponding controls. To gain detailed knowledge of the CFPB's current conference activities, we interviewed members of the CFO Internal Review Team and staff in the Offices of Procurement and External Affairs. We also interviewed staff in Treasury DO and BPD ARC who are authorized to coordinate conference activities on the CFPB's behalf. We performed detailed transaction testing to assess the effectiveness and consistency of controls as well as compliance with policies and procedures.

The scope of our evaluation included conference activities that occurred from January 1, 2011, to September 30, 2012. We obtained conference contracts and supporting documentation for conferences procured through BPD ARC, Treasury DO, and Office of Procurement. We also obtained purchase card transactions and supporting bank statements, for conferences that were sponsored by the CFPB as well as nonsponsored conferences attended by CFPB employees. Additionally, we obtained SF-182 forms completed during the scope of our evaluation.⁸

We judgmentally selected samples for detailed testing based on cost, location, and date. Policies and procedures were used as criteria for detailed testing. Because our sample included conferences that occurred before policy implementation, we also used informal practices as criteria. In selecting the sample, we included conferences that occurred before and after the implementation of the conference and training policies and procedures. We tested conferences from each acquisition approach for documentation supporting authorized purchases and appropriate spending limits. Additionally, we tested SF-182 forms for appropriate approvals and conference justification. We did not identify any material discrepancies related to these areas.

We conducted our fieldwork from October 2012 through April 2013. We compiled the population for the January 1, 2011, through September 30, 2012, time frame from information provided by the CFPB. As previously mentioned, we could not conduct completeness testing to confirm the number of conferences and the corresponding amounts reported by the CFPB because the agency does not have a central tracking mechanism. For additional information regarding our sample selection, see appendix B.

We conducted our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

8. The SF-182 forms were completed for external conferences and training that may be coordinated through the BPD ARC, Office of Procurement, and purchase card acquisition approaches. These forms represent a preapproval of attendance and, therefore, may include conferences and training that began after September 30, 2012, or that were never attended.

Appendix B

Summary of Agency-Sponsored and Nonsponsored Conferences Identified and Reviewed

Table B-1: CFPB Conference Population and Sample Size, January 1, 2011, through September 30, 2012

Acquisition approach	Population		Sample	
	Number of conferences identified ^a	Cost	Number of conferences reviewed	Cost
Treasury DO	23	\$113,023	9	\$85,946
BPD ARC	9	\$122,670	7	\$111,640
Office of Procurement	1	\$5,187	1	\$5,187
Purchase cards	111	\$156,844	31 ^b	\$71,726
Total	144	\$397,724	48	\$274,499

Note: We compiled the population for the January 1, 2011, through September 30, 2012, time frame from information provided by the CFPB. We could not conduct completeness testing for confirmation of the number of conferences and the corresponding amounts reported by the CFPB because the agency does not have a central tracking mechanism.

^a Twenty-five conferences were agency-sponsored, and 119 were nonsponsored conferences attended by CFPB employees.

^b For our review of purchase cards, we sampled transactions within the 31 conferences selected. We did not review the total cost for these conferences.

Appendix C

Management's Response



1700 G Street NW, Washington, DC 20552

August 20, 2013

Mr. Mark Bialek
Inspector General
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th and C Streets, NW
Washington, DC 20551

Dear Mr. Bialek,

Thank you for the opportunity to review and comment on the Office of the Inspector General's draft report "*Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences.*" We have reviewed the report and concur with the draft recommendations.

We appreciate your acknowledgement of the Bureau's efforts to strengthen its monitoring activities, policies and procedures. As discussed in the report under the heading "Commendable Actions," prior to your review, the Bureau initiated an internal review of its conference policies and practices to assess the adequacy of Bureau policies and identify opportunities for improvement. We appreciate your recognition that the Bureau has already taken action to enhance the Bureau's practices and procedures and, informed by our internal assessment as well as your review, we will continue to implement enhancements going forward.

The information in this report addresses testing that was conducted through September 30, 2012. We are pleased that your review identified no material discrepancies in the sampled conference expenses. The Office of the Chief Financial Officer and the Office of Human Capital have already begun to take action on your draft recommendations. Our comments below provide additional perspective on each of the recommendations and the Bureau's planned and completed actions.

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Thank you again for the opportunity to comment on this report.

Sincerely,



Sartaj Alag
Chief Operating Officer

Recommendation 1: We recommend that the CFO update policies and procedures to accurately reflect the current processes for conference coordination and approval.

Updates should

- a. define the title, level or position of individuals authorized to coordinate and approve conferences.*
- b. clarify the procedures for all conference acquisition approaches, including BDP ARC.*

Management concurs with this recommendation and notes that, as discussed in the OIG's report, the existing conferences policy does identify the roles and responsibilities for conference coordination and approval. The Bureau is currently in the process of enhancing the conferences policy to provide additional detail regarding employees authorized to coordinate and approve conferences, meetings, and other events. The updated policy will also identify all conference acquisition approaches utilized by the Bureau and provide additional detail regarding the criteria for each approach. The Bureau will continue to revisit and update this policy periodically to reflect evolving Bureau practices in order to ensure that conference costs and activities are appropriately and efficiently utilized.

Recommendation 2: Periodically review and update existing policies and procedures related to conferences to ensure that they are consistent with each other and with current practices.

Management concurs with this recommendation. Since the Bureau's launch on July 21, 2011, it has made considerable progress in developing the policies and procedures necessary to carry out its mission. As the Bureau's internal practices have evolved in scope and complexity, it periodically revisits these policies and procedures in an effort to ensure that they reflect the most up-to-date and best practices and are consistent with other Bureau policies and procedures. In addition to updating the existing conferences policy, the Bureau is simultaneously reviewing other policies and procedures related to conferences to ensure a consistent and coordinated framework. These periodic reviews will be a part of continuing efforts to update and improve the Bureau's processes.

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Recommendation 3: We recommend that the OHC amend the Non-Academic External Training and Education Policy to require that the OHC conduct monthly reviews to ensure the receipt of training certifications and affidavits.

Management concurs with this recommendation. Since the conclusion of the OIG's test work, the Bureau has reviewed the referenced policy, procedures, and related documentation. The Bureau has already taken actions to clarify and enhance the policy language, and has created an External Training Standard Operating Procedure (SOP) outlining the roles and responsibilities of each Bureau employee in the process. Further, since the end of the test period, September, 2012, OHC has automated the SF-182 External Education Request form, incorporating it into the Learning Management System (LMS) which enhances the workflows, records approval steps, and provides the needed documentation to support the Policy. OHC has benchmarked other agencies in accordance with like policies and procedures, and finds them in alignment with our enhanced approach. OHC has also created revisions to the External Training Policy to clarify language and separate tasking steps into the SOP for cleaner language and processing. Lastly, as part of the SOP, OHC has clarified process and language to ensure the proper receipt of training certifications and affidavits, and has created an audit process to outline a monthly review against these procedures and documentation.

Recommendation 4: Follow up with conference attendees and supervisors to obtain outstanding documentation.

Management concurs with this recommendation. By automating the SF-182 External Training Request Form, and incorporated it into the Learning Management System (LMS), OHC bolstered the documentation of requesting employees, supervisors, and OHC as part of the approval and record keeping for conference requests. The last step in the automated SF-182 workflow, includes a verification process completed by both the employee and the supervisor, validating that that the employee did, in fact, attend the conference. This approach is utilized by other federal agencies that the Bureau has benchmarked following the OIG Audit findings. Further, OHC has outlined this process in a new standard operating procedure (SOP) for external training, which outlines process steps to ensure the proper receipt of training certifications and affidavits. Also as part of the external training SOP, OHC has created an audit process to for monthly review against these procedures and documentation of employee conference attendance. OHC anticipates full implementation of the updated audit process by October, 2013.

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