



# Offices of Inspector General

---

Department of the Treasury  
Federal Deposit Insurance Corporation  
Board of Governors of the Federal Reserve System

## Status of the Transfer of Office of Thrift Supervision Functions

OIG-12-075  
AUD-12-015  
FRB OIG 2012-09

September 26, 2012



# Contents

---

## Audit Report

Background ..... 2

Results of the Joint Review ..... 4

    Procedures and Safeguards Were in Place and Maintained to Ensure that  
    Transferred OTS Employees Were Not Unfairly Disadvantaged ..... 5

    OTS Property Transferred to FDIC, FRB, and OCC as Outlined in the Plan..... 10

    Other Matter Identified in Prior Reports..... 10

Management Response ..... 11

## Appendices

Appendix 1: Objective, Scope, and Methodology ..... 12

Appendix 2: FRB Management Comments ..... 15

Appendix 3: OCC Management Comments ..... 16

Appendix 4: Major Contributors to This Report..... 17

Appendix 5: Report Distribution..... 18

## Abbreviations

FDIC	Federal Deposit Insurance Corporation
FRB	Board of Governors of the Federal Reserve System
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
OTS	Office of Thrift Supervision
PMR	Performance Management and Recognition
UCE	Uniform Commission Examination

---

**This Page Intentionally Left Blank.**



## Offices of Inspector General

---

September 26, 2012

Ben S. Bernanke, Chairman  
Board of Governors of the Federal Reserve System

Martin J. Gruenberg, Acting Chairman  
Federal Deposit Insurance Corporation

Thomas J. Curry, Comptroller of the Currency  
Office of the Comptroller of the Currency

This report presents the results of our offices' fourth joint review of the transfer, pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act or the Act), of the functions, employees, funds, and property of the former Office of Thrift Supervision (OTS) to the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). In accordance with Title III of the Act, the transfer occurred in July 2011.

As discussed below under the background section, our joint reviews are mandated by Section 327 of Title III of the Act. Our first joint review<sup>1</sup> determined whether the Joint Implementation Plan (Plan) for the transfer prepared by FRB, FDIC, OCC, and OTS conformed to relevant Title III provisions. After the initial joint review of the Plan, Section 327 requires that every 6 months we jointly provide a written report on the status of the implementation of the Plan to FRB, FDIC, and OCC, with a copy to the Congress.

---

<sup>1</sup> Department of the Treasury (Treasury) Office of Inspector General (OIG), FRB OIG, and FDIC OIG, *Review of the Joint Implementation Plan for the Transfer of Office of Thrift Supervision Functions*, OIG-11-064 (Treasury OIG); FRB OIG 2011-02 (FRB OIG); EVAL-11-002 (FDIC OIG) (Mar. 28, 2011).

---

We issued the first<sup>2</sup> and second<sup>3</sup> reports under this requirement in September 2011 and March 2012, respectively.

The objective of our current review was to determine and report on the status of the implementation of the Plan. To accomplish our objective, we reviewed the actions FRB, FDIC, and OCC have taken to implement the Plan since our last report, issued on March 21, 2012, through August 23, 2012. Our work focused on the items related to the Plan that were ongoing or were not yet required to be completed as identified in our last report. We also performed tests to determine compliance with Title III provisions related to transferred OTS employees and property. As part of our work, we interviewed officials from FRB, FDIC, and OCC, and reviewed relevant documentation. We conducted our fieldwork from April 2012 through August 2012. Appendix 1 contains a detailed description of our objective, scope, and methodology.

In brief, we concluded that procedures and safeguards are in place as outlined in the Plan to ensure that transferred employees are not unfairly disadvantaged; and that the actions in the Plan that were necessary to transfer OTS property to OCC were implemented. However, as discussed below, we identified certain items related to additional certification for certain transferred OTS examiners and collection of supervisory assessments by FRB are still ongoing.

## Background

Title III of the Dodd-Frank Act sets forth provisions to address problems and concerns in the multiple agency financial regulatory system by transferring OTS's powers and authorities to FRB, FDIC, and OCC on July 21, 2011 (the "transfer date") and abolishing OTS. All OTS functions related to federal savings associations, all OTS rulemaking authority for federal and state savings

---

<sup>2</sup> Treasury OIG, FRB OIG, and FDIC OIG, *Status of the Transfer of Office of Thrift Supervision Functions*, OIG-11-109 (Treasury OIG); FRB OIG 2011-04 (FRB OIG); EVAL-11-005 (FDIC OIG) (Sept. 28, 2011).

<sup>3</sup> Treasury OIG, FRB OIG, and FDIC OIG, *Status of the Transfer of Office of Thrift Supervision Functions*, OIG-12-046 (Treasury OIG); FRB OIG 2012-01 (FRB OIG); EVAL-12-004 (FDIC OIG) (Mar. 21, 2012).

---

associations,<sup>4</sup> and the majority of OTS employees transferred to OCC; OTS's supervisory responsibility for state-chartered savings associations and OTS employees to support these responsibilities transferred to FDIC;<sup>5</sup> and OTS's authority for consolidated supervision of savings and loan holding companies and their non-depository subsidiaries transferred to FRB. No OTS employees were required to be transferred to FRB.

Section 327(a) of Title III of the Act required FRB, FDIC, OCC, and OTS to jointly submit a plan within 180 days of enactment to the Congress and the Inspectors General of FRB, FDIC, and Treasury detailing the steps necessary to implement the provisions of Sections 301 through 326. The Inspectors General and the Congress received the Plan fulfilling this requirement on January 25, 2011.

Section 327(b) of Title III of the Act required that within 60 days of receiving the Plan, the Inspectors General of FRB, FDIC, and Treasury jointly provide a written report to FRB, FDIC, OCC, and OTS, with copies to the Congress, that detailed whether the Plan conformed to the requisite provisions and include any additional recommendations for an orderly and effective process. The Inspectors General jointly issued that report, *Review of the Joint Implementation Plan for the Transfer of Office of Thrift Supervision Functions*, on March 28, 2011, fulfilling this requirement. Based on that review, we concluded that the Plan generally conformed to the relevant provisions of Title III. We noted, however, that the Plan did not address the prohibition in Title III against the involuntary separation or the involuntary reassignment of a transferred OTS employee outside the employee's locality pay area for 30 months (except under certain circumstances). In response, the agencies amended the Plan in April 2011.

Section 327(c) of Title III of the Act requires that, within 6 months of the Congress receiving the report, the Inspectors General of FRB, FDIC, and Treasury must jointly provide a written report on the status of the implementation of the Plan to FRB, FDIC, and

---

<sup>4</sup> In some instances, FDIC, as the federal banking agency for state savings associations, is authorized by statute to issue regulations pertaining to state savings associations.

<sup>5</sup> FDIC accepted the transfer of other OTS employees to fill actual and, to a limited extent, other anticipated vacancies.

---

OCC, with a copy to the Congress. Further, the Inspectors General of FRB, FDIC, and Treasury must jointly provide such a written report every 6 months thereafter until all aspects of the Plan have been implemented. The Inspectors General issued the first and second joint reviews on September 28, 2011, and March 21, 2012, respectively, in accordance with this requirement.

In the September 2011 report, we concluded that FRB, FDIC, OCC, and OTS had substantially implemented the actions in the Plan that were necessary to transfer OTS functions, employees, funds, and property to FRB, FDIC, and OCC, as required. However, we identified certain aspects of the Plan that were ongoing or were not yet required to be completed as provided in Title III of the Act. In the March 2012 report, we concluded that FRB, FDIC, OCC, and OTS implemented the actions in the Plan that were necessary to transfer OTS functions, employees, and funds to FRB, FDIC, and OCC, as appropriate. We also concluded that all OTS property was transferred to FRB, FDIC, and OCC; and procedures and safeguards were in place at FDIC and OCC as outlined in the Plan to ensure that transferred employees are not unfairly disadvantaged. However, as discussed below, we identified certain items related to the procedures and safeguards in place to ensure that transferred employees are not unfairly disadvantaged, the transfer of property, and the collection of supervisory assessments by FRB that were ongoing or were not yet required to be completed as provided in Title III of the Act.

We also provided updates on other matters identified in the previous reports. We reported that OCC funded an \$86.2 million shortfall in the Financial Institutions Retirement Fund, a separate retirement system in which 460 OTS retirees and 375 former OTS employees participated. Additionally, we noted that the auditor of OTS's financial statements covering the period October 1, 2010, to July 20, 2011, rendered an unqualified or clean opinion.

## **Results of the Joint Review**

We concluded that procedures and safeguards as outlined in the Plan to ensure that transferred employees are not unfairly disadvantaged were in place and maintained during this 6-month reporting period; and the actions in the Plan that were necessary to



---

transfer OTS property to OCC were implemented. However, we identified certain items related to the Plan that are still ongoing.

### **Procedures and Safeguards Were in Place and Maintained to Ensure that Transferred OTS Employees Were Not Unfairly Disadvantaged**

Based on review of documentation and interviews with FDIC and OCC officials, we concluded that FDIC and OCC had procedures and safeguards in place as outlined in the Plan to ensure that transferred OTS employees were not unfairly disadvantaged.

### Protection and Continuation of Benefits Other than Retirement

Title III, Section 322, of the Act, provides that each transferred OTS employee may remain in OTS benefit programs (other than a retirement benefit program) for the first year after the transfer date. After the first year (July 21, 2012), transferred OTS employees were to transition to FDIC or OCC benefit programs. According to FDIC officials, all former OTS employees transferred to an FDIC non-retirement benefit program during FDIC's special enrollment process, and did so with no problems. Based on a sample of 115 former OTS employees who transferred to an OCC non-retirement benefit program, we determined that each transferred OTS employee transitioned without issue and in accordance with Title III of the Act.

### Additional Certification for Certain Transferred OTS Examiners

In our prior reports, we identified that former OTS officials and employees had expressed concerns related to OCC plans for requiring additional certification for certain transferred OTS examiners<sup>6</sup> before they would be able to supervise national bank examinations.<sup>7</sup> We reported that OCC had contracted with a consultant who identified differences between the OTS examiner accreditation process and the OCC Uniform Commission Examination (UCE) process. We also reported that the consultant was validating the UCE. In this regard, the consultant was

---

<sup>6</sup> OTS examiners who had earned a National Bank Examiner commission during previous employment with the OCC were not subject to this requirement.

<sup>7</sup> FDIC did not require additional certification for transferred OTS examiners before they were able to supervise FDIC-regulated bank examinations.

---

analyzing the duties of OCC's recently revised National Bank Examiner position<sup>8</sup> to determine whether necessary changes were incorporated in the UCE. As an update, the consultant in collaboration with OCC validated the revised UCE on April 12, 2012.

Additionally, we reported that OCC contracted with the same consultant in October 2011 to assist in developing an alternative qualification process for certain OTS examiners to acquire the National Bank Examiner commission without taking the full UCE; one that would take the examiner's experience into consideration. This alternative process was to also include a process to certify existing National Bank Examiners as qualified to lead examinations of federal savings associations. In our previous report, we noted that the consultant's report was due June 30, 2012; however, OCC extended the due date to September 30, 2012. According to an OCC official, the alternative qualification process and the revised UCE will be rolled out in January 2013. We plan to determine the status of OCC efforts to implement the revised UCE and the alternative qualification process in future reviews of the transfer of OTS functions.

#### OCC's and FDIC's Study of Safeguards and Procedures to Ensure Transferred OTS Employees Were Not Unfairly Disadvantaged

Section 322(k), Title III of the Act required OCC and FDIC to prepare a report to the Congress on the study of safeguards and procedures performed by OCC and FDIC to ensure transferred OTS employees are not unfairly disadvantaged. OCC and FDIC completed the studies and submitted separate reports to Congress by the due date, July 20, 2012. In both studies, FDIC and OCC detailed the position assignments of transferred employees, the procedures and safeguards adopted pursuant to Section 322(k)(3) of Title III, and determined that the requirements of section 322(k) of Title III were met.

The following is a summary of FDIC's and OCC's report to Congress, respectively.

---

<sup>8</sup> National Bank Examiners certified under the new UCE are qualified to supervise both national banks and thrifts.

---

## FDIC

The FDIC report described its actions on position placements including the (1) position placement notification for all OTS transferees; (2) directed geographic reassignments of 11 former OTS employees; (3) key decisions made and actions taken to eliminate possible inequities by transferring former OTS employees from excepted service<sup>9</sup> appointments based on the OTS's Schedule A hiring authority to FDIC's competitive service;<sup>10</sup> and (4) pay protection of the former OTS employees and their incorporation into FDIC's compensation program on the transfer date. In addition, the report documented that FDIC conducted extensive systems testing to ensure that, as of the transfer date, the 95 former OTS employees were transferred to FDIC and paid properly. This report also noted the results of an FDIC OIG-conducted survey of former OTS employees on their transfer experience were positive, as noted in our prior report.<sup>11</sup> The FDIC report stated that the positive results were because of the extensive preparation for the transfer on the parts of all agencies involved, as well as by the preparation and welcoming attitude on the part of FDIC and its employees. Other than actions pertaining to the transfer of benefits that were noted to be performed subsequent to the date of the report, the study outlined FDIC's compliance with Title III of the Act.

## OCC

The OCC report described its actions on position placements including (1) key decisions made by OCC to resolve differences in the respective pay plans between OCC and OTS; (2) pay protection of all former OTS employees and the incorporation of

---

<sup>9</sup> Excepted service positions are not subject to the appointment, pay, and classification rules of the competitive service. Excepted service consists of those civil service positions that are not in the competitive service or the Senior Executive Service.

<sup>10</sup> Competitive service positions are subject to the civil service laws passed by Congress. Competitive service positions includes all civil service positions in the executive branch, except (1) positions that are specifically excepted from the competitive service by or under statute; (2) positions to which appointments are made by nomination for confirmation by the Senate, unless the Senate otherwise directs; and (3) positions in the Senior Executive Service.

<sup>11</sup> Treasury OIG, FRB OIG, and FDIC OIG, *Status of the Transfer of Office of Thrift Supervision Functions*, OIG 12-046 (Treasury OIG); FRB OIG 2012-01 (FRB OIG); EVAL-12-004 (FDIC OIG) (Mar. 21, 2012).

---

OTS into OCC's compensation program on the transfer date; (3) position placement notification for all OTS transferees; and (4) directed geographic reassignments of nine former OTS employees. In addition, the report documented that OCC (1) conducted extensive systems testing to ensure that, as of the transfer date, all 668 former OTS employees were transferred and paid properly and (2) a consultant contracted by OCC performed a post-integration risk assessment and concluded that OCC acted appropriately and made sound decisions regarding pay plan comparability and position placement decisions. Furthermore, the report described the next steps OCC planned to perform to ensure that its future culture supported all team members in performing their duties. To accomplish these next steps, OCC engaged a human capital consulting firm to administer a culture alignment assessment. This assessment is to identify differences and similarities between the pre-integration OCC and former OTS cultures and identify opportunities for creating a shared culture.

The FDIC and OCC report conclusions are consistent with our reviews to date of the transfer of OTS functions.

#### FDIC and OCC Performance Management Processes

Former OTS employees who transferred to FDIC participated in the 2011 FDIC Performance Management and Recognition (PMR) Program. The 2011 FDIC PMR was a year-end evaluation of 2011 calendar-year performance. To accommodate former OTS employees transferring in July into the performance cycle, former OTS supervisors provided a close-out performance appraisal to FDIC that documented performance and accomplishments of these employees through their dates of transfer. FDIC management agreed to consider this input, as appropriate, in completing appraisals of 2011 performance for transferred OTS employees.

We reviewed 84 offer letters to former OTS employees<sup>12</sup> and confirmed that each letter contained a description of the process by which their 2011 performance, including OTS close-out

---

<sup>12</sup> The 11 employees that transferred directly to FDIC with their functions (thrift reporting and administrative law judge) received notices of position assignment from OCC rather than offer letters from FDIC.

---

appraisal, would be considered by FDIC management. In January 2012, affected FDIC managers received guidance for incorporating the OTS close-out appraisals into the 2011 PMRs for their direct report(s). Further, affected managers were provided a copy of the OTS close-out appraisals for their direct report(s).

In addition, we reviewed 89 FDIC PMR appraisals of former OTS employees for 2011 and found that 67, or 75 percent, contained comments that indicated that the final OTS close-out appraisal was factored into the appraisals. Another 7 PMR appraisals, or 8 percent, documented that the employee had transferred from OTS to FDIC but did not provide any further narrative assessment of their close-out OTS performance. The remaining 15 PMR appraisals, or 17 percent, included no mention of the employees' prior OTS service.

Furthermore, FDIC officials noted that no transferred OTS employee filed a grievance related to their 2011 FDIC PMR. Overall, we found that FDIC generally fulfilled its 2011 PMR process commitments to transferred OTS staff, and those staff were not unfairly disadvantaged during the 2011 PMR process.

With respect to OCC, as noted above, OCC contracted with a consultant to perform an OTS/OCC post-integration risk assessment. We reviewed the consultant's post-integration risk assessment dated August 19, 2011, relating to the performance management process. According to the assessment, former OTS managers performed close-out ratings for former OTS employees before the employees transferred to OCC. In addition, according to the assessment, former OTS employees were provided guidance for closing out the 2011 performance management cycle and were given information on the performance management activities that would transpire after the transfer date. The assessment further stated that OTS transferees would be in an interim transition period for 41 days, from July 21 to September 30, 2011, to allow transferred OTS employees time to get acclimated to the OCC performance management system. According an OCC official, OTS transferees were placed on new performance plans and started the OCC fiscal year 2012 performance management cycle on October 1, 2011.

---

## **OTS Property Transferred to FDIC, FRB, and OCC as Outlined in the Plan**

As required by Title III of the Act, all OTS property was transferred to OCC within 90 days after the transfer date (October 19, 2011). As noted in our March 2012 report, OCC was nearing completion of entering all OTS accountable property into its inventory system as required by the Plan. As an update, an OCC official told us that OCC completed entering all former OTS accountable property into its inventory system on August 16, 2012. We sampled OCC's inventory list to determine whether the former OTS property items were recorded in the inventory list. No exceptions were noted for the sampled items.

As noted in our prior report, no former OTS assets, information technology systems, equipment, or other infra-structure were transferred to FDIC or FRB.

## **Other Matter Identified in Prior Reports**

### FRB Supervisory Assessments

As noted in our prior reports, for savings and loan holding companies and bank holding companies with assets of \$50 billion or more, and nonbank financial companies that FRB is required to supervise pursuant to the Dodd-Frank Act, FRB is to collect assessments, fees, or other charges equal to the expenses FRB estimates are necessary or appropriate to carry out its supervisory and regulatory responsibilities. To satisfy this requirement, a notice of proposed rulemaking for the assessments, fees, and other charges remains under review and is expected to be available for public comment in the fourth quarter of 2012. The collection of assessments, fees, and other charges was anticipated to begin later this year, but is now planned to begin in early 2013.

---

## Management Response

We provided a draft of this report to FRB, FDIC, and OCC. We received written responses from FRB and OCC and informal comments from FDIC.

FRB stated in its written response that it agrees with the conclusions regarding the assessments, fees, and other charges required pursuant to the Dodd-Frank Act. FDIC agreed with the conclusions contained in the report that FDIC has implemented the actions required to date in the Plan. OCC stated in its written response that it agrees with the conclusions in our report.

FRB's and OCC's written responses are included in this report as appendices 2 and 3, respectively.

\* \* \* \* \*

We appreciate the courtesies and cooperation provided to our staffs during the audit. If you wish to discuss the report, you may contact Marla A. Freedman, Assistant Inspector General for Audit, Treasury OIG, at (202) 927-5400; E. Marshall Gentry, Assistant Inspector General for Evaluations, FDIC OIG, at (703) 562-6378; or Anthony J. Castaldo, Associate Inspector General for Inspections and Evaluations, FRB OIG, at (202) 973-5024. Major contributors to this report are listed in appendix 4.

/s/

Eric M. Thorson  
Inspector General  
Department of the  
Treasury

/s/

Jon T. Rymer  
Inspector General  
Federal Deposit Insurance  
Corporation

/s/

Mark Bialek  
Inspector General  
Board of Governors of the  
Federal Reserve System

As required by Title III, *Transfer of Powers to the Comptroller of the Currency, the Corporation, and the Board of Governors*, of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) prepared a Joint Implementation Plan (Plan) to accomplish the transfer of functions, employees, property, and funds of OTS as well as implement other provisions of Title III. We conducted this joint review to fulfill our requirement under Section 327(c) of Title III. This section requires the Inspectors General of FRB, FDIC, and the Department of the Treasury (Treasury) to provide a written report on the status of the implementation of the Plan every 6 months until all aspects of the Plan are implemented. The period covered by our audit is March 21, 2012, to August 23, 2012.

To accomplish this requirement, we performed the following work:

- We reviewed the actions FRB, FDIC, and OCC have taken to implement the Plan.

For FRB

- We interviewed a Senior Associate Director and senior management staff from the Division of Banking Supervision and Regulation and the Chief Financial Officer and senior management staff from the Management Division.
- We reviewed relevant FRB documentation pertaining to supervisory assessments.

For FDIC

- We interviewed officials involved in implementing the Plan, including the Deputy Director, Corporate Planning and Performance Management, Division of Finance; the Deputy Director for Human Resources, Division of Administration; and additional FDIC staff from the Division of Administration.
- We obtained FDIC documentation of the Thrift Reporting Staffing and Logistics working group activities from January 2012 until its final meeting on May 17, 2012.



- We reviewed the FDIC study titled *Report to Congress Pursuant to Section 322(k)(4) of the Dodd-Frank Act on the Transfer of the Employees of the Office of Thrift Supervision*
- We reviewed FDIC communications related to the special open enrollment season for certain benefits to determine whether these communications were sent to all appropriate staff.
- We reviewed 84 of 95 offer letters sent to former OTS employees that transferred to FDIC to determine whether the offer letters indicated how the FDIC 2011 Performance Management and Recognition (PMR) Program would incorporate their close-out OTS performance evaluation.
- We reviewed 88 of 91 FDIC 2011 PMRs to determine whether the close-out OTS performance evaluation was included in the FDIC 2011 PMR.

For OCC

- We interviewed the Deputy Comptroller for Human Resource; Program Analyst, Management Services; and the Senior Advisor for Examiner Workforce Planning for Midsize Community Bank Supervision.
- We reviewed relevant OCC documentation, such as the final report of the consultant hired by OCC to validate the Uniform Commission Examination; the OCC study titled *Report to Congress Pursuant to Section 322(k)(4) of the Dodd-Frank Act on the Transfer of the Employees of the Office of Thrift Supervision*; the results of a culture survey prepared by the human capital consulting firm hired by OCC to administer a culture alignment assessment; and the final report of the consultant hired by OCC to perform a post-integration risk assessment.
- We reviewed OCC communications to former OTS employees related to the special open enrollment season for certain benefits.
- We applied statistical sampling to select a sample of 115 of the 563 employees who transferred to OCC. We reviewed relevant documentation for each employee to determine whether each transferred OTS employee transitioned into OCC's benefit programs in accordance with Title III of the Dodd-Frank Act. To determine our sample size, we used 90 percent confidence level

with 3 percent sample precision and an expected error rate of 5 percent.

- We applied statistical sampling to select a sample of 143 of the 13,227 property transferred to OCC. We compared OTS's personal property inventory list from OTS's Legacy system to OCC's inventory of all its accountable property to determine whether all OTS accountable property was entered into OCC's inventory system in accordance with Title III. To determine our sample size, we used a 90 percent confidence level with 3 percent sample precision and an expected error rate of 5 percent.

Consistent with our objective, we did not assess FRB's, FDIC's, or OCC's overall internal control or management control structure; obtain data from their information systems; or assess the effectiveness of their information system controls. We conducted our fieldwork at FDIC in Arlington, Virginia, and at FRB and OCC in Washington, DC, from April to August 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2  
FRB Management Comments



**BOARD OF GOVERNORS**  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D.C. 20551

September 20, 2012

Mr. Mark Bialek  
Inspector General  
Board of Governors  
of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Mark:

Thank you for providing the Federal Reserve with the opportunity to review and comment on the Office of Inspector Generals' draft report of the *Review of the Joint Implementation Plan for the Transfer of OTS Functions*. We have reviewed the report and agree with the conclusions regarding the assessments, fees, and other charges required pursuant to the Dodd-Frank Act.

We appreciate your efforts and the professionalism extended to the officers and staff of the Federal Reserve throughout this review. Please let me know if you have any questions.

Sincerely,

/s/

Michael S. Gibson  
Director  
Division of Banking Supervision and Regulation

O

## MEMORANDUM

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

To: Eric M. Thorson, Inspector General, Department of the Treasury  
Jon T. Rymer, Inspector General, Federal Deposit Insurance Corporation  
Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System

From: Thomas J. Curry, Comptroller of the Currency /s/

Date: September 24, 2012

Subject: Comments on Draft Report on Joint Implementation Plan

We have received and reviewed your draft report titled “Status of the Transfer of Office of Thrift Supervision Functions.” Your overall objective, as defined by section 327 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), was to determine and report on the status of the implementation of the Joint Implementation Plan (Plan). The Plan was developed by the agencies to carry out the provisions of Title III of the Dodd-Frank Act, transferring the powers of the Office of Thrift Supervision (OTS) to the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Board of Governors of the Federal Reserve System (FRB).

You concluded that procedures and safeguards were in place and maintained to ensure that transferred OTS employees were not unfairly disadvantaged and that OTS property transferred to FDIC, FRB, and OCC as outlined in the Plan.

We agree with your conclusions. Thank you for the opportunity to review and comment on the draft report. If you need additional information, please contact Thomas R. Bloom, Senior Deputy Comptroller for Management and Chief Financial Officer, at 202-874-5080.

**Board of Governors of the Federal Reserve System OIG**

Timothy Rogers, Senior OIG Manager  
Jonathan Park, Auditor and Project Lead  
Eric Barndt, Auditor

**Federal Deposit Insurance Corporation OIG**

A. Michael Stevens, Evaluations Manager  
Travis Sumner, Auditor

**Department of the Treasury OIG**

Susan Barron, Audit Director  
Amni Samson, Audit Manager  
Alicia Bruce, Auditor-in-Charge  
James Lisle, Referencer

**Board of Governors of the Federal Reserve System**

Chairman

**Federal Deposit Insurance Corporation**

Acting Chairman

**Department of the Treasury**

Deputy Secretary  
Office of Strategic Planning and Performance Management  
Office of the Deputy Chief Financial Officer, Risk and Control  
Group

**Office of the Comptroller of the Currency**

Comptroller of the Currency  
Liaison Officer

**Office of Management and Budget**

OIG Budget Examiner

**United States Senate**

Chairman and Ranking Member  
Committee on Banking, Housing, and Urban Affairs

**U.S. House of Representatives**

Chairman and Ranking Member  
Committee on Financial Services