

Bureau of Consumer Financial Protection

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# The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce



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



## Office of Inspector General

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

Executive Summary, 2021-MO-C-006, March 29, 2021

# The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce

## Findings

The Bureau of Consumer Financial Protection can improve certain hiring processes and guidance related to interviews. Specifically, for the hiring actions that we tested, we observed that the Bureau did not consistently conduct structured interviews or follow its planned assessment process regarding the use of structured interviews. In addition, we found that Bureau policy and procedure documents did not provide guidance to hiring managers outlining expectations for (1) documenting qualified internal applicants for inclusion in interviews or (2) selecting interview panels.

We found that the Bureau generally follows its established policy, procedure, and guidance requirements for the hiring processes we examined. However, Bureau practices differed from those established in its policy, procedure, and guidance documents for controls surrounding public disclosure of one type of its excepted service positions and the use of subject-matter experts.

In addition, the Bureau did not consistently document justifications for selecting an applicant or using subject-matter experts for the hiring actions that we tested. Further, we identified updates to hiring action documentation that occurred months after the position was filled.

The Bureau's database for tracking hiring actions has incomplete data and lacks system controls to ensure data reliability. Specifically, we identified that six of the eight key date fields in the database were frequently blank.

The Bureau's racial and ethnic diversity increased as a percentage of its overall workforce from fiscal year 2014 to fiscal year 2019. We identified six practices and supporting actions for cultivating a diverse workforce and found that although the Bureau's hiring processes aligned with many of these practices and supporting actions, several practices may help the Bureau continue to increase its workforce diversity.

## Recommendations

Our report contains recommendations designed to strengthen the Bureau's hiring processes and reduce risks associated with its hiring practices related to assessing applicants, documenting hiring actions, and tracking hiring actions. Our report also contains a recommendation to help the Bureau maintain its focus on hiring a diverse workforce. In its response to our draft report, the Bureau concurs with our recommendations and outlines actions that have been or will be taken to address our recommendations. We will follow up to ensure that the recommendations are fully addressed.

## Purpose

We conducted this audit to assess the Bureau's compliance with its policies and procedures related to selected types of hiring, promotions, and other internal placements and to identify any potential effects of those hiring practices on its workforce diversity. Our audit focused on selected controls and did not assess the agency's management decisions on individual hiring actions. We examined hiring actions from February 1, 2019, through January 31, 2020, as well as workforce demographic data for fiscal years 2014 through 2019.

## Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Bureau as an executive agency and authorized the Bureau director to hire employees in accordance with applicable provisions of title 5 of the *United States Code*. This authority allows the Bureau to fill positions through (1) competitive hiring authorities, such as delegated examining and merit promotion, as well as (2) hiring authorities that are specifically excepted from the competitive service, such as schedule C positions. To guide its hiring practices, the Bureau's Office of Human Capital has developed eight policy, standard operating procedure, and guidance documents related to its hiring processes. Further, one of the Bureau's strategic objectives is to maintain a talented, diverse, inclusive, and engaged workforce. The Office of Human Capital works with the Office of Minority and Women Inclusion to recruit a diverse workforce.



**Office of Inspector General**

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

Recommendations, 2021-MO-C-006, March 29, 2021

## The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce

### Finding 1: The Bureau Can Improve Certain Hiring Practices and Guidance Related to Interviews

| Number | Recommendation   | Responsible office      |
|--------|--|-------------------------|
| 1      | Monitor the use of structured interviews and provide periodic reports tracking the use of structured interviews to senior Bureau officials, such as division and office leaders and the chief operating officer.   | Office of Human Capital |
| 2      | Update policies and procedures to <ol style="list-style-type: none"><li>require documentation of changes to the planned assessment process after a position has been posted.</li><li>provide additional guidance for hiring managers on the use of structured interviews and selection of interview panelists.</li></ol> | Office of Human Capital |
| 3      | Strengthen internal controls to more accurately identify qualified internal Bureau applicants and conduct interviews, as required.   | Office of Human Capital |

### Finding 2: The Bureau Follows Most but Not All of Its Hiring Policies and Procedures

| Number | Recommendation  | Responsible office      |
|--------|---|-------------------------|
| 4      | Review current schedule C reporting practices and requirements, identify additional ways to increase public transparency on the use of these positions, and update relevant guidance accordingly. | Office of Human Capital |
| 5      | Align policy, procedure, and guidance documents with the actual practices related to identifying SMEs early in the hiring process and requiring SME signatures on combined rating sheets.         | Office of Human Capital |

### Finding 3: The Bureau Can Improve Its Documentation of Hiring Actions

|   |  |                         |
|---|--|-------------------------|
| 6 | Improve the consistency and timeliness of hiring documentation by <ol style="list-style-type: none"><li>updating the hiring process documentation requirements to specify the required timing and level of detail.</li><li>updating relevant policies and procedures as well as the job analysis and selection forms to ensure that all key information is captured.</li><li>providing training to relevant staff on documentation requirements.</li></ol> | Office of Human Capital |
|---|--|-------------------------|

#### Finding 4: The Bureau’s Hiring Tracker Database Has Incomplete Data and Lacks System Controls to Ensure Data Reliability

| Number | Recommendation   | Responsible office      |
|--------|--|-------------------------|
| 7      | Implement automated system controls to ensure that key date fields are completed for all hiring actions in the Hiring Tracker database.  | Office of Human Capital |
| 8      | Update the <i>Measuring and Reporting Time to Hire</i> SOP to include <ol style="list-style-type: none"><li>comprehensive guidance on documenting purposeful omissions in the Hiring Tracker data entry form.</li><li>OHC practices for reviewing the Hiring Tracker database for accuracy and completeness.</li></ol> | Office of Human Capital |
| 9      | Require training for staff responsible for entering information into the Hiring Tracker database on <ol style="list-style-type: none"><li>using the Hiring Tracker data entry form and database.</li><li>the updated SOP so that practices align with established processes.</li></ol>                                 | Office of Human Capital |

#### Finding 5: The Bureau Should Continue Taking Steps to Increase Its Workforce Diversity

| Number | Recommendation  | Responsible office   |
|--------|---|--|
| 10     | Review current hiring practices and identify potential opportunities to incorporate additional practices to cultivate a diverse workforce, such as monitoring the use of restrictive hiring authorities and other practices, including using noncompetitive details; removing names from résumés during the hiring manager’s résumé review; and using demographically diverse interview panels. | Office of Human Capital and Office of Minority and Women Inclusion |



**Office of Inspector General**

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

**MEMORANDUM**

**DATE:** March 29, 2021

**TO:** Jeffrey Sumberg  
Chief Human Capital Officer  
Bureau of Consumer Financial Protection

Lora McCray  
Assistant Director, Office of Minority and Women Inclusion  
Bureau of Consumer Financial Protection

**FROM:** Michael VanHuysen   
Associate Inspector General for Audits and Evaluations

**SUBJECT:** OIG Report 2021-MO-C-006: *The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce*

We have completed our report on the subject audit. We conducted this audit to assess the Bureau of Consumer Financial Protection’s compliance with its policies and procedures related to selected types of hiring, promotions, and other internal placements and to identify any potential effects of those hiring practices on its workforce diversity.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendations and outline actions that have been or will be taken to address our recommendations. We have included your response as appendix C to our report.

We appreciate the cooperation that we received from the Office of Human Capital and the Office of Minority and Women Inclusion. Please contact me if you would like to discuss this report or any related issues.

cc: Jocelyn Sutton  
Dana James  
Lauren Hassouni  
Anya Veledar  
Carlos Villa  
Donna Roy



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# Introduction

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## Objectives

The objectives for this audit were to assess the Bureau of Consumer Financial Protection’s compliance with its policies and procedures related to selected types of hiring, promotions, and other internal placements and to identify any potential effects of those hiring practices on its workforce diversity.

To achieve our objectives, we analyzed Bureau documents and interviewed Bureau officials. We also reviewed published reports and articles related to organizational diversity to identify practices for cultivating a diverse workforce and to identify the effects of using certain hiring authorities on workplace diversity. We examined a nonstatistical quota sample of hiring actions from February 1, 2019, through January 31, 2020, as well as workforce demographic data for fiscal year (FY) 2014 through FY 2019.<sup>1</sup> Our audit of hiring actions focused on the Bureau’s compliance with its policies and procedures and did not assess the agency’s management decisions on individual hiring actions. Details on our scope and methodology are provided in appendix A, and a glossary of terms is provided in appendix B.

## Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Bureau as an executive agency. The Bureau’s mission is to regulate the offering and provision of consumer financial products or services under the federal consumer financial laws and to educate and empower consumers to make better informed financial decisions.<sup>2</sup> The *Bureau of Consumer Financial Protection Strategic Plan FY 2018–2022* articulates the long-term strategic goals and objectives that enable the Bureau to meet its mission. One such objective is to maintain a talented, diverse, inclusive, and engaged workforce. The Bureau’s processes related to its hiring, promotions, and other internal placements are the means to develop such a workforce.

Since beginning operations in 2011, the Bureau has worked to build its human capital program and develop a diverse, high-performing, and engaged workforce. The Bureau’s human capital program has adapted to changes in leadership and strategic direction, as well as new workforce priorities, to help ensure that staffing resources are used as effectively as possible. As part of its strategic focus on the effective use of resources, the Bureau implemented a hiring freeze from November 2017 until August 2019. During the hiring freeze, the Bureau director granted waivers to fill positions requiring specialized skills or resource needs for mission-critical projects. The agency’s workforce decreased from 1,502 employees in FY 2018 to 1,422 employees in FY 2019. In addition to these hiring exceptions, the Bureau relied on details and temporary promotions to fill open positions during the hiring freeze.

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<sup>1</sup> The sample we selected was nonstatistical and cannot be extrapolated to the Bureau’s hiring actions as a whole. A quota sample allows auditors to group similar records together and to judgmentally select the sample.

<sup>2</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, §§ 1011(a) and 1013(d)(1), 124 Stat. 1376, 1964, 1970 (2010) (codified at 12 U.S.C. §§ 5591 and 5493 (2010)).



## Laws and Regulations

The Dodd-Frank Act authorizes the Bureau director to hire employees in accordance with applicable provisions of title 5 of the *United States Code*. This authority allows the Bureau to fill positions through competitive hiring authorities as well as through hiring authorities that are specifically excepted from the competitive service by the U.S. Office of Personnel Management (OPM), the president, or statute.<sup>3</sup> Title 5 of the *United States Code* outlines established merit system principles and prohibited personnel practices. The merit system principles are nine basic standards that address fairness, protection, and stewardship of the executive branch workforce. Prohibited personnel practices are employment-related activities that violate the merit system through discrimination, improper hiring practices, retaliation, or a failure to comply with laws relating to the merit system principles. Similar to other federal agencies, the Bureau must give special consideration to military veterans who apply for competitive positions open to the general public.

## Available Hiring Authorities

The Bureau uses two competitive hiring authorities to fill positions. These authorities are as follows:

- **Delegated Examining.** Positions that are open to the general public and are not excepted from civil service laws by OPM, the president, or statute.
- **Merit Promotion.** Positions that are open to certain current and former federal employees and are also not excepted from civil service laws. These positions are not open to the general public.

The Bureau also has five hiring authorities that it can use to fill positions that are excepted from competitive service. For the purposes of this audit, we examined competitive hiring actions, as well as those under schedule C,<sup>4</sup> as the Bureau began using this authority in 2017.<sup>5</sup>

- **Schedule C.** Policy-determining positions or positions that involve a close and confidential working relationship with the head of an agency or other key appointed officials.

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<sup>3</sup> *Excepted service positions* are any federal or civil service positions that are not in the competitive service or the senior executive service.

<sup>4</sup> In addition to schedule C hiring actions, the hiring authorities available to the Bureau during the scope of our audit consisted of (1) schedule A, used to fill positions for which it is impractical to develop standard qualification requirements or to hire individuals with disabilities; (2) schedule B, used to fill positions for which it is impractical to hold open competition or to apply the usual competitive hiring practices; (3) schedule D, used to fill positions designated for students and recent graduates; and (4) schedule E, used to fill administrative law judge positions.

<sup>5</sup> In a 2015 report, we assessed the efficiency and effectiveness of the Bureau's employee recruitment and selection processes, as well as the agency's compliance with its recruitment and selection policies and procedures and certain laws and regulations. We found that the Bureau did not always follow internal controls for hiring and had not fully developed monitoring activities for hiring. The report includes two recommendations designed to improve the efficiency and effectiveness of the Office of Human Capital's employee recruitment and selection processes. Both recommendations are closed. Office of Inspector General, *The CFPB Can Further Enhance Internal Controls for Certain Hiring Processes*, [OIG Report 2015-MO-C-013](#), August 26, 2015.

## ***Internal Personnel Placements***

In addition to using its hiring authorities to fill positions, the Bureau uses two methods to temporarily assign or promote personnel—*details* and *temporary promotions*. The Bureau defines a detail as a temporary assignment to a different position or to a different set of duties without a change in pay. The Bureau uses details to meet a temporary need, such as an unexpected increase in workload, a special project, or an employee’s absence. The Bureau defines a temporary promotion as a detail to a position at a higher pay band for which the person receives compensation at that higher pay band. The Bureau uses temporary promotions to accomplish project work and to fill positions temporarily.

## ***Hiring Responsibilities and Processes***

The Bureau’s Office of Human Capital (OHC), which is part of the Operations Division, is responsible for ensuring that hiring, promotion, and internal placement policies comply with all legal and regulatory requirements. OHC provides the agency with support, services, policies, and standard operating procedures (SOPs) for talent acquisition, staffing management, compensation, and labor and employee relations. Within OHC, the Talent Acquisition and Staffing team’s mission is to (1) attract the best talent and (2) assist Bureau officials during the hiring process.

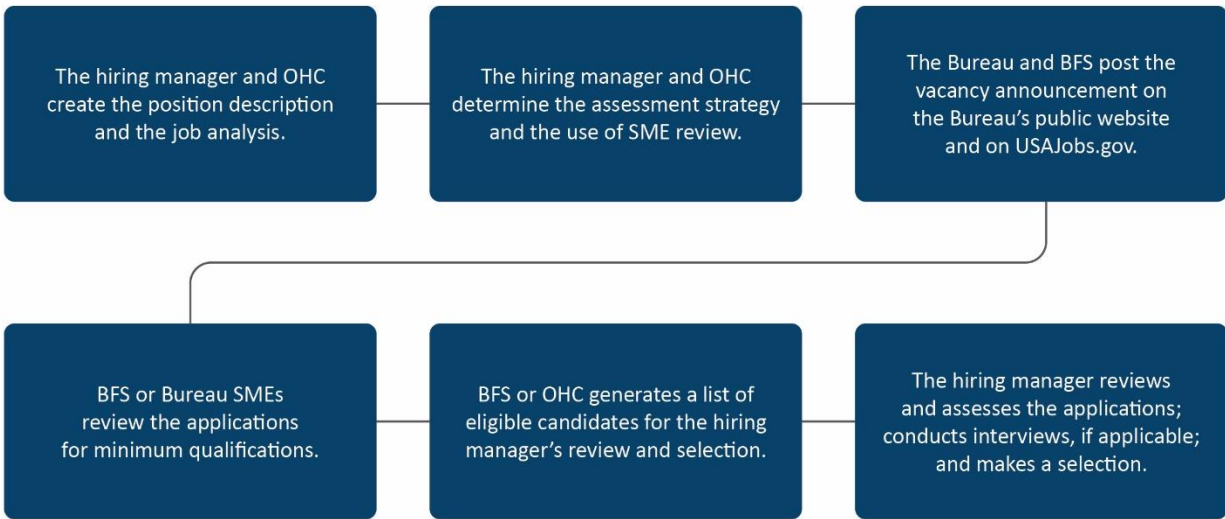
The Bureau uses the U.S. Department of the Treasury’s Bureau of the Fiscal Service (BFS) to post its delegated examining and merit promotion vacancies and to generate certificates with a listing of qualified applicants.<sup>6</sup> Hiring managers can use subject-matter experts (SMEs) who are knowledgeable about the responsibilities of the position to assist in reviewing applicants. OHC works with the hiring manager, who makes the final selection, to fill a position.

The Bureau’s delegated examining and merit promotion hiring processes are similar. Both processes begin with developing a position description and a job analysis and conclude with a selection. Each hiring action must include an assessment of job applicants, in accordance with the Bureau’s *Assessments SOP*. The Bureau’s standard assessment process consists of a minimum qualifications review, an applicant self-assessment questionnaire, and a structured interview. The Bureau can also use an executive narrative assessment for its executive hiring. Figure 1 provides a high-level overview of the hiring process and the parties responsible for each step.

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<sup>6</sup> A certificate is the list of applicants who have been determined to be the best qualified for a position through an assessment process. Throughout a hiring action, multiple certificates may be issued based on the number of assessments used.

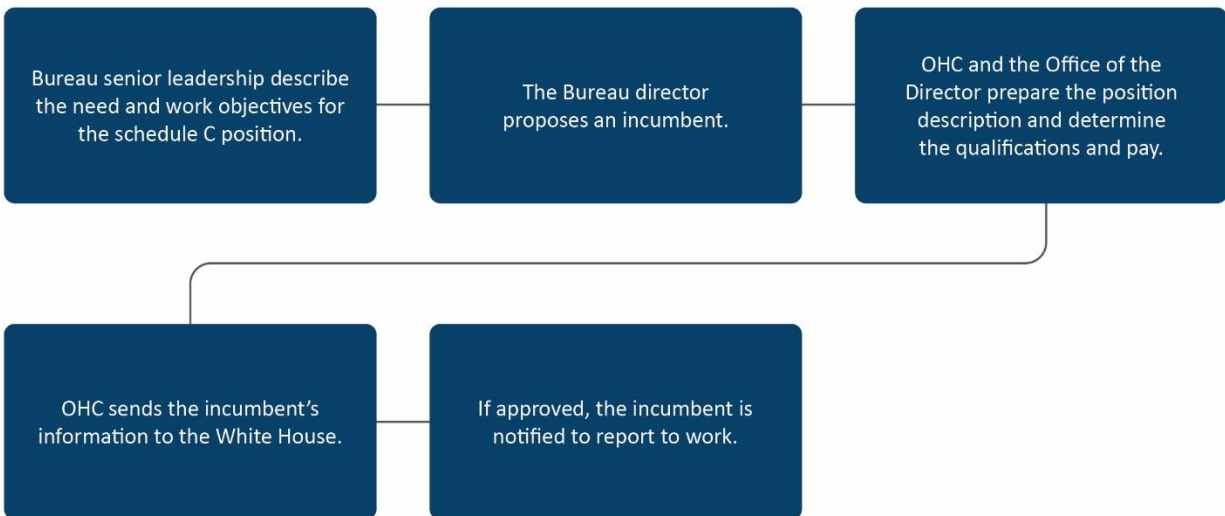
Figure 1. Overview of the Delegated Examining and Merit Promotion Hiring Process



Source: Compiled by the OIG from Bureau documents.

To hire under the schedule C hiring authority, the Bureau has established a process that includes sending the proposed incumbent's information to the White House's Office of Presidential Personnel for review (figure 2).

Figure 2. Overview of the Schedule C Hiring Process



Source: Compiled by the OIG from Bureau documents.

## ***Hiring Policy, Procedure, and Guidance Documents***

OHC has developed eight policy, SOP, and guidance documents related to its hiring process.<sup>7</sup> OHC's primary policy, *Hiring, Promotion, and Internal Placement Policy*, dated January 2019, describes the steps taken throughout the hiring process. OHC uses two internal forms—the job analysis form and the selection form—to document steps planned and taken during a hiring action. The *Interview Guidance SOP* and the *Assessments SOP* provide guidelines for conducting interviews and for assessing applicants during the hiring process, respectively. OHC's *Measuring and Reporting Time to Hire SOP*, which identifies four hiring phases with beginning and ending points to measure each phase, is used to track hiring actions.<sup>8</sup> OHC staff and hiring managers enter information about individual hiring actions into an electronic data entry form that uploads to a centralized database called the Hiring Tracker.<sup>9</sup> The data in the Hiring Tracker database provide Bureau management with performance measures, such as time-to-hire information. The Bureau's *Guidance and Procedure for Schedule C Appointments* outlines procedures for using the schedule C hiring authority, and the Bureau's collective bargaining agreement with the National Treasury Employees Union also includes hiring process provisions.

## ***Bureau Activities Related to Diversity and Inclusion in Hiring***

The Bureau's FY 2018–2022 strategic plan includes a goal regarding hiring a diverse workforce. In addition, the agency issued the *CFPB Diversity and Inclusion Strategic Plan 2016–2020*, which emphasizes promoting diversity and inclusion in hiring activities. In support of the Bureau's stated commitment to diversity and inclusion, OHC and the Office of Minority and Women Inclusion (OMWI) conduct outreach to Historically Black Colleges and Universities and Minority Serving Institutions as well as professional organizations focused on diverse populations to increase applicant diversity. OHC and OMWI also provide recurring diversity and inclusion training and help divisions develop and implement diversity and inclusion goals and initiatives. The Bureau reports the results of its diversity and inclusion efforts in its annual OMWI report to Congress.

The importance of a diverse workforce is also supported by OPM, which states that when an agency's workforce reflects the population it serves, that workforce can understand and meet the needs of its customers—the American people. A U.S. Merit Systems Protection Board (MSPB)<sup>10</sup> report underscores that agencies need to aspire to hire a diverse segment of applicants who are representative of society.<sup>11</sup>

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<sup>7</sup> The eight Bureau policy, SOP, and guidance documents are (1) *Hiring, Promotion, and Internal Placement Policy*, (2) *Detail Processing SOP*, (3) *Executive Hiring SOP*, (4) *Interview Guidance SOP*, (5) *Assessments SOP*, (6) *Measuring and Reporting Time to Hire SOP*, (7) *SME Review of Minimum Qualifications SOP*, and (8) *Guidance and Procedure for Schedule C Appointments*.

<sup>8</sup> The four hiring phases identified in the *Measuring and Reporting Time to Hire SOP* are classification, job design and strategy, post and select, and onboarding.

<sup>9</sup> The Hiring Tracker database is an OHC-maintained database that is separate from the Bureau's Human Resources system of record.

<sup>10</sup> The U.S. Merit Systems Protection Board is an independent, quasi-judicial agency in the executive branch that serves as the guardian of federal merit systems.

<sup>11</sup> MSPB's *The Impact of Recruitment Strategy on Fair and Open Competition for Federal Jobs*, January 2015.

## ***Publications Related to Cultivating a Diverse Workforce***

Public, private, and academic organizations, such as the MSPB, the U.S. Government Accountability Office (GAO), and the *Harvard Business Review*, have published reports and articles related to incorporating diversity practices to support developing and maintaining an organization's workforce. We analyzed key themes included in these publications and identified six practices for cultivating a diverse workforce. The public, private, and academic organizations we reviewed are included in appendix A.



# Finding 1: The Bureau Can Improve Certain Hiring Practices and Guidance Related to Interviews

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We found that the Bureau can improve certain hiring practices related to interviews by conducting structured interviews more consistently and following plans related to structured interviews. In addition, we found that the Bureau does not have a process to identify qualified internal applicants and has limited guidance regarding the selection of interview panels. Although the Bureau has established policies, procedures, and supporting forms for conducting and documenting hiring actions, these documents do not define expectations for (1) documenting changes to the planned assessment after the position has been advertised, (2) identifying and documenting qualified internal applicants, or (3) considering potential biases when selecting interview panelists. Consistent use and documentation of hiring processes helps ensure that the hiring process will appear fair and unbiased and will be less susceptible to challenge.

## The Bureau Did Not Always Use Structured Interviews

According to the Bureau's *Assessments SOP*, the agency uses structured interviews as part of its standard process for assessing applicants.<sup>12</sup> However, the Bureau's *Hiring, Promotion, and Internal Placement Policy* does not require the use of structured interviews and instead allows hiring managers to interview some, all, or none of the best-qualified applicants. OHC officials confirmed that the agency encourages the use of structured interviews and that it was rare for hiring actions to not include structured interviews.

We found that in 8 of the 20 nonexecutive hiring actions that we sampled, structured interviews were not used to assess applicants. Instead, the hiring manager (1) relied on a résumé review or a recent detail experience to make the selection or (2) did not indicate how they assessed the applicants. The Bureau conducted structured interviews for all of the executive hiring actions we sampled.

Although the Bureau does not require structured interviews, MSPB guidance emphasizes the importance of structured interviews by noting that structured interviews are more likely to be perceived as fair and may be less likely to be challenged. The MSPB also considers the structured interview to be among the most valid assessment tools available, surpassing assessments such as (1) ratings of training and experience and (2) reference checks. In addition, MSPB guidance notes that structured interviews result in a written record of the interview, which is valuable if the selection decision is challenged.

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<sup>12</sup> A structured interview is one in which interviewers ask the same questions to all applicants.

Based on a conversation with OHC officials, it appears that OHC may not have been aware of the extent to which the agency was making hiring selections without a structured interview. OHC was not tracking the use of structured interviews for its hiring actions.

## The Bureau Did Not Document Changes in Plans to Conduct Structured Interviews

We found that the Bureau did not consistently follow its plans related to structured interviews and did not document changes to the plans or any rationale for selecting a different assessment process after receiving the list of qualified applicants.<sup>13</sup> Specifically, in 6 of 25 hiring actions that we sampled, the job analysis form indicated that a structured interview would be conducted, but instead the hiring manager (1) relied on a résumé review or a recent detail experience to make the selection or (2) did not indicate how the applicants were assessed.<sup>14</sup> We also identified 3 hiring actions that held structured interviews when none were planned. In all 9 instances, the Bureau did not document the change in the planned assessment or the rationale for the change.

The Bureau's *Hiring, Promotion, and Internal Placement Policy* states that a job analysis form includes a description of the assessment process that will be used to determine the best-qualified applicants. The job analysis form is to be completed and approved by the hiring manager prior to opening a vacancy announcement.

According to an OHC official, a hiring manager can decide to use a résumé review for selection instead of conducting structured interviews after they receive the list of qualified applicants. The decision to use a résumé review can be made regardless of what the hiring manager had initially planned and documented prior to posting the position. However, none of the Bureau's eight hiring-related policy or procedure documents outline the agency's expectations for documenting changes to the planned assessment after the position has been advertised.

## The Bureau Does Not Have Controls to Ensure All Qualified Internal Applicants Are Identified

According to an OHC official, hiring managers are responsible for identifying qualified internal Bureau applicants and do so through a résumé review. However, the Bureau does not have controls to ensure that hiring managers identify and document all qualified internal applicants.

The Bureau's collective bargaining agreement; *Hiring, Promotion, and Internal Placement Policy*; and *Interview Guidance SOP* each require that if any qualified internal Bureau applicant is interviewed, all qualified internal applicants must be interviewed.

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<sup>13</sup> Hiring managers work with OHC to develop and approve the job analysis form, which includes planned assessments—such as a structured interview—for the hiring action.

<sup>14</sup> One hiring action used an earlier version of the job analysis form that did not include plans for conducting structured interviews. As such, we excluded this hiring action from this analysis.

Because the Bureau does not document internal applicants, we were unable to confirm the extent to which the hiring actions we reviewed followed the policy to interview all qualified internal applicants. Without an official process to ensure hiring managers consistently identify all qualified internal applicants, the Bureau risks not interviewing all qualified applicants in accordance with the collective bargaining agreement; *Hiring, Promotion, and Internal Placement Policy*; and the *Interview Guidance SOP*. Further, the lack of an official process may make it challenging for the Bureau to respond to requests to demonstrate its compliance with this requirement.

## Guidance for Selecting Interview Panels Is Limited

We found that an applicant for one executive position was included as an interview panelist for that same hiring action. The Bureau applicant seeking the position was initially determined to be qualified but was later removed from consideration because the agency did not receive a required submission from the applicant. Ultimately, the Bureau included that disqualified, internal applicant as part of the interview panel for that position.

None of the Bureau's eight hiring-related policy or procedure documents comprehensively address selection requirements for interview panelists beyond a requirement for the interview panelist's grade level. Specifically, the policy and procedure documents do not provide hiring managers with guidance for considering potential biases of the interview panelists. OPM states that interviewers should not be influenced by personal biases. We believe that in the situation described above, the Bureau should have considered the appropriateness of the applicant's participation as an interview panelist because of the risk that they may not have been objective or independent when assessing the other applicants for that same position. In addition, other internal applicants may perceive the interview process as unfair if they are alerted to the situation.

According to an OHC official, the hiring manager makes the final selection of interview panelists. Although hiring managers participate in structured interview training, this training does not provide guidance to hiring managers for selecting objective or independent interview panelists. Rather, this training encourages hiring managers to consider diversity on interview panels, to limit panels to no more than four interviewers, and to share information about the requirements of the position prior to interviews.

## Conclusion

The merit system principles emphasize the need for fair and open competition to assure that qualified applicants receive equal opportunity.<sup>15</sup> According to the MSPB, structured interviews are among the most valid assessment tools available and result in a written record of the interview, which is valuable if the selection decision is challenged. Bureau management is responsible for maintaining clearly defined, well-communicated, consistently applied, and fairly implemented selection procedures. By not consistently using or sufficiently documenting structured interviews as well as not providing comprehensive guidance to hiring managers, the Bureau risks that its hiring processes may not be perceived as fair and equitable.

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<sup>15</sup> 5 U.S.C. 2301(b) identifies nine merit system principles related to implementation of federal personnel management.



## Recommendations

We recommend that the chief human capital officer

1. Monitor the use of structured interviews and provide periodic reports tracking the use of structured interviews to senior Bureau officials, such as division and office leaders and the chief operating officer.
2. Update policies and procedures to
  - a. require documentation of changes to the planned assessment process after a position has been posted.
  - b. provide additional guidance for hiring managers on the use of structured interviews and selection of interview panelists.
3. Strengthen internal controls to more accurately identify qualified internal Bureau applicants and conduct interviews, as required.

## Management Response

In the Bureau's response to our draft report, the chief human capital officer concurs with our recommendations. Regarding recommendation 1, the response states that the OHC plans to begin tracking the use of structured interviews and providing quarterly reports to Bureau leadership. OHC anticipates starting its reporting to Bureau leadership in the second quarter of FY 2022.

Regarding recommendation 2, the response states that OHC plans to update its policies and procedures for the assessment process as well as its current training materials on structured interviews for hiring managers. OHC anticipates completing updates to its policies and procedures in the first quarter of FY 2022 and the hiring manager training materials in the second quarter of FY 2022.

Regarding recommendation 3, the response states that OHC plans to implement a process to help hiring managers identify qualified internal Bureau applicants. OHC anticipates implementing the process in the first quarter of FY 2022.

## OIG Comments

The planned actions described by the chief human capital officer appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



## Finding 2: The Bureau Follows Most but Not All of Its Hiring Policies and Procedures

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We found that the Bureau generally follows its established policy, procedure, and guidance requirements for its delegated examining, merit promotion, and schedule C hiring processes. However, certain Bureau practices deviated from those established in its policy, procedure, and guidance documents for controls surrounding public transparency of its schedule C positions and use of SMEs. According to OHC officials, in these instances, policy, procedure, and guidance documents did not reflect current practices. Internal controls, if designed and implemented properly, can be integral to guiding Bureau operations and increase the integrity of its hiring actions. When actual practices do not align with policies and procedures, the Bureau cannot be assured that the program is operating as intended.

### The Bureau's Hiring Practices Mostly Align With Policies and Procedures

We found that the Bureau generally follows its established policies and procedures for its delegated examining, merit promotion, and schedule C hiring processes. Specifically, we found that the Bureau's hiring practices align with 28 of the 31 hiring controls that we tested from OHC's policy, procedure, and guidance documents.<sup>16</sup> Examples of the hiring practices that aligned include requesting approval to fill executive positions in writing, approving job analysis forms prior to job posting, and sending schedule C positions to the White House's Office of Presidential Personnel for review and approval. The 3 hiring controls that we tested that did not align with OHC's policy, procedure, and guidance documents are (1) validating schedule C positions with the Office of Management and Budget (OMB), (2) identifying SMEs, and (3) documenting each SME's agreement with final ratings.

### ***The Bureau Follows Some Practices Related to External Coordination of Schedule C Positions, but These Positions Are Not Publicly Reported***

We found that while the Bureau follows some practices related to external coordination of its schedule C positions, it did not follow its procedure regarding public transparency of these positions. Specifically, for the four schedule C positions that we tested, the Bureau complied with its *Guidance and Procedures for Schedule C Appointments* to (1) request approval of schedule C hiring actions from OPM and (2) send information on incumbents to the White House's Office of Presidential Personnel for review and approval.<sup>17</sup> However, while there is no legal requirement that the Bureau validate these positions to OMB, the Bureau does not follow its written requirement to biannually validate its authorized schedule C

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<sup>16</sup> For the 30 hiring actions tested, we found that the Bureau was in compliance with most of these controls. There were several controls—mostly focused on documenting the hiring action—in which we identified instances of noncompliance. Those instances of noncompliance are described in findings 1 and 3.

<sup>17</sup> The White House's Office of Presidential Personnel oversees the selection process for presidential appointments and works to recruit candidates to serve the president in departments and agencies throughout the executive branch.

positions and incumbents in an OMB report, nor does it follow its stated practice of reporting schedule C positions in the *United States Policy and Supporting Positions* (Plum Book). Specifically, no Bureau schedule C positions were included in the 2020 Plum Book.

OHC's *Guidance and Procedure for Schedule C Appointments* states that OPM reports a consolidated notice of approved agency-specific excepted positions (those approved by OPM under schedules A, B, or C) in the *Federal Register*. An OHC official informed us that OPM has access to the information that the Bureau provided regarding its schedule C positions. However, OPM, the federal agency responsible for reporting this information, did not include those positions in its *Federal Register* notice in 2019 or 2020. Instead, OPM reported only the Bureau's schedule A and B positions.<sup>18</sup>

OHC officials stated that validating schedule C positions with OMB twice a year is not a current practice and indicated that they would remove this requirement from the Bureau's schedule C guidance. OHC officials informed us that rather than reporting schedule C positions and incumbents twice a year to OMB, the Bureau reports schedule C positions in the Plum Book, which is issued once every 4 years.

Because the Bureau's schedule C guidance does not include its stated practice for publicly reporting its schedule C positions, there is a potential risk of the loss of institutional knowledge with respect to this practice if the agency experiences turnover in key positions familiar with the practice. Further, even if implemented, the stated practice of reporting schedule C positions in the Plum Book every 4 years may not timely inform the public of any changes to the Bureau's use of schedule C positions. Specifically, under this practice, no Bureau schedule C positions can be reported to the public until the 2024 Plum Book. Because (1) OPM has not been reporting the Bureau's schedule C positions in its annual notice in the *Federal Register* and (2) Bureau schedule C positions were not included in the 2020 Plum Book, the Bureau should consider additional ways to increase the public transparency of its schedule C positions.

## ***The Bureau Did Not Always Follow Its Processes for SMEs***

We identified two other hiring practices that did not align with OHC's policy and procedure documents. Specifically, we found that the Bureau does not (1) document SME names on the job analysis form or (2) have SMEs sign a combined rating sheet.<sup>19</sup>

Requirements for documenting SME names early in the hiring process are found in two procedure documents. The *Assessments SOP* states that hiring managers should identify SMEs needed to make rating decisions on applicants' qualifications as early in the hiring process as possible, and the *SME Review of Minimum Qualifications SOP* requires documenting the names of SMEs conducting the minimum qualification review on the job analysis form.<sup>20</sup> The *Assessments SOP* encourages OHC to have the SMEs meet before the vacancy announcement closes so that training can be provided prior to assessing

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<sup>18</sup> In March 2019, GAO reported that OPM's database of schedule C positions is not comprehensive and may contain errors. U.S. Government Accountability Office, *Federal Ethics Programs: Government-wide Political Appointee Data and Some Ethics Oversight Procedures at Interior and SBA Could Be Improved*, GAO-19-249, March 14, 2019.

<sup>19</sup> To determine consensus among SMEs on category ratings, OHC and the SMEs discuss diverging individual ratings or categories. SMEs should sign both individual and combined rating sheets.

<sup>20</sup> OHC has developed an SOP that outlines how OHC conducts and implements SME review of minimum qualifications. However, OHC does not have a similar SOP with detailed requirements for SMEs who determine category ratings and are not part of the minimum qualifications review process.

applicants. The *Assessments SOP* also establishes controls related to documenting SME ratings. Specifically, SMEs must sign individual and combined rating sheets.

The need for agencies to implement policies and procedures that reflect actual practices is underscored in GAO's *Standards for Internal Control in the Federal Government*. These standards state that an effective control system, which includes policies and procedures, increases the likelihood that an organization will achieve its objectives. These standards also state that management is responsible for setting the objectives, implementing controls, and evaluating the control system.

The Bureau's actual practices differ from the controls established by policy, procedure, and guidance. Specifically, OHC officials stated that SME names are documented *after* the Bureau has received applications. Further, according to an OHC official, rather than SMEs individually certifying their agreement with the final rating decision for an applicant, OHC combines the individual SME ratings and documents the final rating decision.

Bureau management is responsible for consistently applying selection procedures. Internal controls, if designed and implemented properly, can be integral to guiding Bureau operations and increase the consistency, reliability, and integrity of its hiring actions. If actual practices do not align with policies and procedures, the Bureau cannot be assured that the program is operating as intended. By not identifying a SME early in the process, OHC may not have sufficient time to train the SME. Further, not following controls designed to ensure that SMEs certify their agreement with the final rating may result in a perception that selection decisions are based on ratings that have not been collectively calibrated and agreed on by the SMEs.

## Recommendations

We recommend that the chief human capital officer

4. Review current schedule C reporting practices and requirements, identify additional ways to increase public transparency on the use of these positions, and update relevant guidance accordingly.
5. Align policy, procedure, and guidance documents with the actual practices related to identifying SMEs early in the hiring process and requiring SME signatures on combined rating sheets.

## Management Response

In the Bureau's response to our draft report, the chief human capital officer states that he believes OHC has resolved recommendation 4, and he concurs with recommendation 5. Regarding recommendation 4, the response states that the Bureau updated its schedule C guidance in January 2021 and has resolved issues related to OPM's reporting of Bureau schedule C positions.

Regarding recommendation 5, the response states that OHC plans to update its policy, procedure, and guidance documents to clarify its SME processes. OHC anticipates completing these updates in the second quarter of FY 2022.

## OIG Comments

The planned and completed actions described by the chief human capital officer appear to be generally responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



## Finding 3: The Bureau Can Improve Its Documentation of Hiring Actions

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We found that the Bureau did not always document hiring actions consistently or timely. Specifically, we observed that justifications for selecting an applicant and the use of SMEs were not consistently documented in the hiring actions that we tested. Further, we identified updates to previously submitted selection forms that occurred at least 5 months after submitting the form to OHC and selecting the candidate. For some hiring actions, the hiring documentation did not align with requirements in the Bureau's internal policy, procedure, and guidance documents. In addition, the policy, procedure, and guidance documents do not comprehensively address the timing and method for updating hiring action documentation after a position has been filled. Complete and timely hiring documentation can help the Bureau respond to requests from external parties and explain its rationale for selection decisions.

### Hiring Actions Were Not Consistently Documented in a Timely Manner

We found that certain aspects of the hiring process were not consistently documented in the selection and job analysis forms and that updates to hiring documentation were not timely.<sup>21</sup> Specifically, we observed the following:

- **Selection forms.** We found that 6 of 26 hiring actions did not document a justification for selecting a particular applicant.
- **Job analysis forms.** We found that 4 of 26 job analysis forms did not clearly indicate the intent to use a SME. Further, we found that the job analysis form did not differentiate between the types of SMEs used throughout the process. As a result, it was unclear whether the hiring managers intended to use SMEs.
- **Timeliness of documentation.** We found that updates to key information in selection and job analysis forms appeared to have occurred after the hiring action had concluded and that four updates occurred after we initiated our audit. Specifically,
  - in 6 of 26 hiring actions, we received multiple copies of the job analysis and selection forms. In 4 of these 6 instances, the updated job analysis and selection forms contained new information. Three of the four changes to these forms occurred 9 or more months after concluding the hiring action. Updates to the selection forms included the addition of interview information, selectee information, a selection justification, and a rationale for not conducting a structured interview. Further, we noticed that a job analysis form had been updated to reflect a new planned assessment process.

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<sup>21</sup> The selection form includes the selected applicant's name as well as documentation related to the interview and selection process. The hiring manager is to submit the completed selection form to OHC once a selection is made. The job analysis form includes a description of the assessment process that will be used to determine best-qualified applicants and will be completed and approved by the hiring manager prior to opening a vacancy announcement.

- in an additional 3 of 26 hiring actions, we found that the selection form had been updated between April 2020 and May 2020, between 5 and 17 months after the selection form was initially submitted to OHC.<sup>22</sup>

OHC's *Interview Guidance SOP and Hiring, Promotion, and Internal Placement Policy* provide hiring managers with guidance on filling out selection and job analysis forms, respectively. Further, OPM and GAO emphasize the importance of documenting hiring actions. Specifically, OPM's *Delegated Examining Operations Handbook* states that documentation provides the rationale for the rating procedure and sufficient information to enable reconstruction of the process used to arrive at the rating. Similarly, GAO's *Standards for Internal Control in the Federal Government* states that documentation ensures that an organization does not have to rely on limited personnel to replicate decisions and ensures that significant decisions, such as hiring decisions, can be readily examined.

According to an OHC official, inconsistent completion of hiring documentation could be attributed, in part, to the design of the selection and job analysis forms. We agree with the interviewee's assessment of the design flaws, as described below:

- **Selection form design.** The selection form provided a field for justifying an applicant's selection in the structured interview section but did not include a similar field for other assessment processes that may be used in lieu of a structured interview. In addition, although the selection form included an option to select whether a structured interview did or did not occur, it did not direct users to input information about other assessments used during the hiring process.
- **Job analysis form design.** The job analysis form included a table of potential assessment types and allowed users to select assessment methods for use in the hiring action. Each assessment method also included a column to indicate use of a SME. This column included a prepopulated field for users to select between a "yes/no" option. An OHC official attributed inconsistent documentation on SME use in the job analysis form to poor form design and "user error."
- **OHC guidance for updating hiring documentation.** OHC's policy and procedure documents do not address whether updates to the information included in the selection and job analysis forms are permitted after a hiring action has occurred. According to OHC officials, selection forms are regularly updated after a position is filled. Specifically, updates may reflect new onboarding information or information on interviews that was not submitted by hiring managers initially.

Periodically, the Bureau receives equal employment opportunity complaints related to hiring, promotion, and other personnel placement decisions. By not adequately documenting the hiring process and rationale for hiring decisions, the Bureau may not be able to sufficiently respond to questions about how it assessed and selected candidates. Further, updating hiring documentation long after the selection decision occurred may raise questions about the validity of the documentation. Complete and timely hiring documentation can help the Bureau respond to requests from external parties and assist in explaining its rationale for selection decisions.

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<sup>22</sup> All hiring actions in our sample were completed between February 1, 2019, and January 31, 2020.

## Recommendation

We recommend that the chief human capital officer

6. Improve the consistency and timeliness of hiring documentation by
  - a. updating the hiring process documentation requirements to specify the required timing and level of detail.
  - b. updating relevant policies and procedures as well as the job analysis and selection forms to ensure that all key information is captured.
  - c. providing training to relevant staff on documentation requirements.

## Management Response

In the Bureau's response to our draft report, the chief human capital officer concurs with the recommendation. The response states that OHC plans to review its policies, procedures, and forms as well as provide training to OHC staff and hiring managers on documentation requirements. OHC anticipates completion of these actions in the second quarter of FY 2022.

## OIG Comments

The planned actions described by the chief human capital officer appear to be generally responsive to our recommendations. As stated in our recommendation, to improve the consistency and timeliness of hiring documentation, the Bureau should further clarify OHC's expectations in its policy, procedure, and guidance documents after it completes its review. We will follow up to ensure that the recommendation is fully addressed.





## Finding 4: The Bureau’s Hiring Tracker Database Has Incomplete Data and Lacks System Controls to Ensure Data Reliability

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We found that the Hiring Tracker database, which the Bureau uses to capture information and dates for each step in the four hiring phases, is missing data in key date fields and did not have controls to detect or prevent blank entries. The *Measuring and Reporting Time to Hire* SOP assigns responsibility to OHC staff to detect empty data fields; however, it does not establish controls or processes to prevent blank entries. Further, GAO’s *Standards for Internal Control in the Federal Government* states that management is responsible for developing appropriate controls, including application controls, over information systems to ensure validity, completeness, and accuracy. According to OHC officials, the Hiring Tracker database is continually updated to reflect ongoing hiring actions and does not have preventative system controls. Without sufficient data in the Hiring Tracker database or system controls to ensure that data are entered completely and correctly, quarterly reports and information dashboards may not be reliable, which could affect the quality of Bureau decisionmaking related to human capital.

### Some Key Fields in the Bureau’s Hiring Tracker Database Were Incomplete

The Bureau uses the Hiring Tracker database to support workforce planning and forecasting, track hiring performance, and provide access to information and transparency to its divisions. The Hiring Tracker database serves as a repository for information and dates to track each step in the four hiring phases. The Hiring Tracker database uploads hiring action information from electronic forms, which OHC staff and hiring managers complete for each individual hiring action. There are eight key date fields in the Hiring Tracker database used to measure the four hiring phases and the end-to-end measurement that are used to produce the Bureau’s time-to-hire metrics.<sup>23</sup> In the 110 hiring actions that occurred within the period of our review, we found that six of these eight key date fields in the Hiring Tracker database were blank 19 to 82 percent of the time (figure 3). For example,

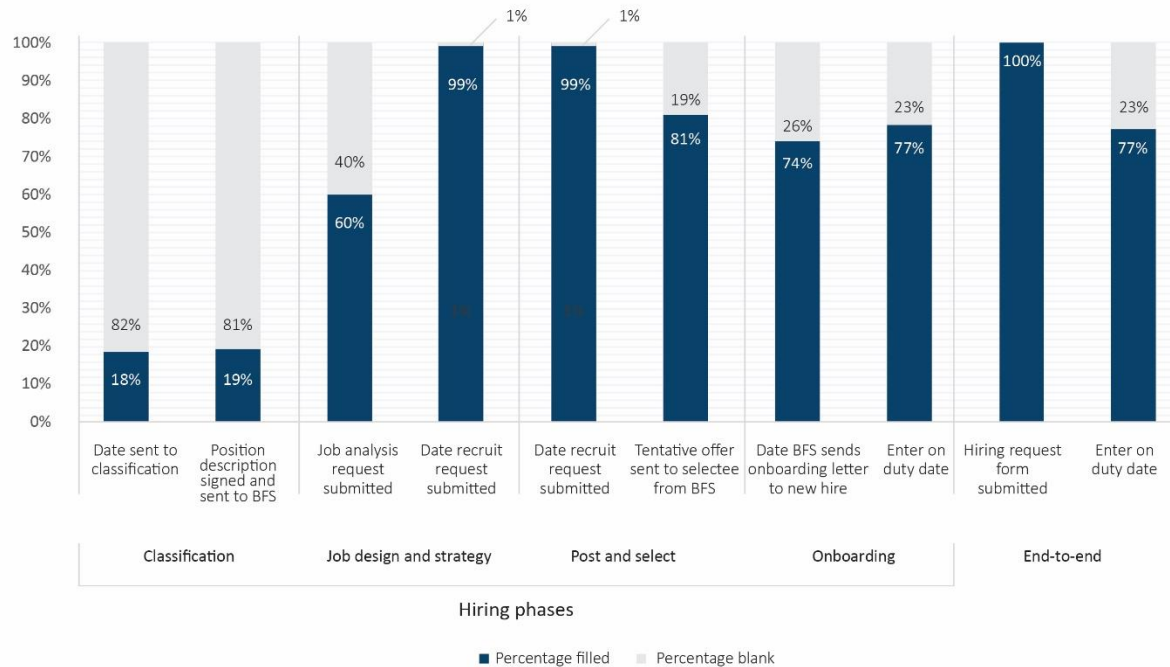
- The two fields that compose the *classification* phase, which measures the start of the hiring process to the approval of the position description, contained blank fields in 81 percent and 82 percent of the hiring actions within the period of our review.

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<sup>23</sup> The eight key fields in the Hiring Tracker database are (1) *date sent to classification*, (2) *position description signed and sent to BFS*, (3) *job analysis request submitted*, (4) *date recruit request submitted*, (5) *tentative offer sent to selectee from BFS*, (6) *date BFS sends onboarding letter to new hire*, (7) *hiring request form submitted*, and (8) *enter on duty date*. The *enter on duty date* field is used to measure both the onboarding and the overall end-to-end measurement. In addition, the *date recruit request submitted* field is used to measure both the end of the *job design and strategy* phase and the beginning of the *post and select* phase.

- The field that is the starting measurement for the *job design and strategy* phase, which measures the Bureau’s process to determine the knowledge, skills, and abilities that are essential to the position, contained blank fields in 40 percent of the hiring actions within the period of our review.
- The *enter on duty date* field, which is used as the official end of the hiring action and is included in the measurements of the onboarding phase and the end-to-end measurement of the hiring process, contained blank fields in 23 percent of the hiring actions within the period of our review.

**Figure 3. Percentage of Blanks for Key Date Fields in the Hiring Tracker**



Source: OIG analysis of data in the Bureau’s Hiring Tracker database.

According to GAO’s *Standards for Internal Control in the Federal Government*, management is responsible for developing appropriate controls, including application controls, over information systems to ensure validity, completeness, and accuracy.<sup>24</sup> In addition, GAO recommends that federal agencies use a variety of automated control activities, such as edit checks of data entered, because automated internal controls are less susceptible to human error and are more reliable. Further, GAO recommends that management document internal controls in policies and keep these policies up to date, as individuals conducting the work use policies to help guide their understanding of program responsibilities.

The Bureau has established some controls for reviewing information in the Hiring Tracker database in the *Measuring and Reporting Time to Hire* SOP. Specifically, OHC staff are responsible for (1) monitoring the Hiring Tracker database daily and (2) ensuring that the data in the Hiring Tracker database are accurate and entered within 24 hours of an action. OHC staff are also responsible for monitoring data input

<sup>24</sup> Application controls are incorporated directly into computer applications to achieve completeness and accuracy. Application controls include controls over input, processing, and output.

through a weekly report from the Hiring Tracker that shows data fields that have not been completed for each hiring action.

Incomplete data in the Hiring Tracker database can be partially attributed to the design of the Hiring Tracker data entry form and are further exacerbated by not following established controls. Specifically, we found the following:

- **Hiring Tracker data entry form design.** According to OHC officials, the Hiring Tracker data entry form was designed to provide flexibility for hiring managers. Because hiring actions have concurrent steps, the Hiring Tracker data entry form is a living document that allows for blank fields and overrides data points each time a hiring action record is updated and entered into the Hiring Tracker database.
- **Practices deviate from established controls.** The Bureau has not been following its intended controls to help ensure that data are entered properly, such as monitoring the tracker on a daily basis to ensure data quality. In addition, the Hiring Tracker database lacks certain automated controls that would prevent blank fields or require an entry of “n/a” for steps not conducted in the hiring action. Specifically, the Bureau does not
  - **provide comprehensive guidance to individuals using the Hiring Tracker data entry form.** The *Measuring and Reporting Time to Hire* SOP does not provide guidance on documenting purposeful omissions in the Hiring Tracker database. It is unclear whether the blanks we found were purposely omitted steps or potential errors.
  - **follow its processes to review the Hiring Tracker database daily and weekly to ensure accuracy and completeness.** According to OHC officials, OHC staff who review the Hiring Tracker database for accuracy and completeness review the entries at the conclusion of a hiring action rather than the daily and weekly process prescribed by OHC’s *Measuring and Reporting Time to Hire* SOP. The current process to ensure accuracy and completeness at the end of the hiring action did not appear to be effective or working as intended given the numerous blank entries.
  - **provide training on the Hiring Tracker database.** Instead of training the OHC staff responsible for entering information into the Hiring Tracker database, OHC plans to instruct new staff to review the *Measuring and Reporting Time to Hire* SOP and receive on-the-job training. However, the SOP has not been updated since 2015 and includes review processes that do not align with OHC’s current practices. OHC does not intend to update the procedure, even though the document is used to train responsible OHC staff.

Because the Hiring Tracker database supports the Bureau’s workforce planning and forecasting measurements and provides transparency to Bureau divisions, it is critical that its information is accurate and complete. If the Hiring Tracker database has incomplete data and system controls do not ensure that data have been entered correctly, quarterly reports and information dashboards that are used to make human capital–related decisions may not be reliable.

## Recommendations

We recommend that the chief human capital officer

7. Implement automated system controls to ensure that key date fields are completed for all hiring actions in the Hiring Tracker database.
8. Update the *Measuring and Reporting Time to Hire* SOP to include
  - a. comprehensive guidance on documenting purposeful omissions in the Hiring Tracker data entry form.
  - b. OHC practices for reviewing the Hiring Tracker database for accuracy and completeness.
9. Require training for staff responsible for entering information into the Hiring Tracker database on
  - a. using the Hiring Tracker data entry form and database.
  - b. the updated SOP so that practices align with established processes.

## Management Response

In the Bureau's response to our draft report, the chief human capital officer concurs with our recommendations. Regarding recommendation 7, the response states that the Bureau is seeking to develop an approach for transferring data directly from BFS into the Hiring Tracker database. The Bureau anticipates completing updates to the Hiring Tracker in the second quarter of FY 2022.

Regarding recommendation 8, the response states that OHC plans to update the *Measuring and Reporting Time to Hire* SOP to reflect updates to the Hiring Tracker planned in response to recommendation 7. The Bureau anticipates completing these updates in the second quarter of FY 2022.

Regarding recommendation 9, the response states that OHC plans to train staff on using the Hiring Tracker. The Bureau anticipates completing this training in the second quarter of FY 2022.

## OIG Comments

The planned actions described by the chief human capital officer appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



## Finding 5: The Bureau Should Continue Taking Steps to Increase Its Workforce Diversity

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We found that the racial and ethnic diversity of the Bureau's overall workforce as measured by five categories increased from FY 2014 to FY 2019.<sup>25</sup> We also found that the percentage of the White and Other demographic workforce generally aligned with the U.S. population's demographic composition for the measured categories during the same period. Further, we found that the percentage of the Black/African American and Asian demographic groups was higher in the Bureau's workforce than the U.S. population, but the percentage of the Hispanic/Latino demographic group was lower. We identified six practices for cultivating a diverse workforce that may help the Bureau continue to increase its workforce diversity. Many of these practices align with the agency's ongoing efforts to identify and address workforce diversity gaps, such as encouraging diverse pools of applicants. The Bureau should continue focusing on increasing its workforce diversity so that a wide range of perspectives are considered in support of executing its mission.

### The Bureau's Overall Workforce Diversity Has Increased

The importance of a diverse workforce is outlined in the MSPB's January 2015 report *The Impact of Recruitment Strategy on Fair and Open Competition for Federal Jobs*. Specifically, the report states that an agency's workforce should be representative of the society it serves. The American Community Survey (ACS) is an ongoing survey that the U.S. Census Bureau uses to collect information on demographic characteristics about the population, such as age, gender, race, and Hispanic origin.<sup>26</sup> To that end, the ACS data provide a benchmark for comparing the Bureau's workforce to the American workforce.

We compared the ACS average demographic data for calendar years 2014–2018 to the Bureau's average workforce data for FY 2014 through FY 2019 for those same categories. We found that the Bureau and ACS populations generally aligned for the White and Other demographic groups. We also found that the Bureau's workforce was higher for the Black/African American and Asian demographic groups but was lower for the Hispanic/Latino demographic group. The ACS 4-year average for the Hispanic/Latino demographic group was 18 percent, and the Bureau's 5-year average was 6 percent. Furthermore, the Bureau's Hispanic/Latino population is the second smallest demographic group (figure 4), with the Other demographic group being the smallest. Underrepresentation of the Hispanic/Latino population as a

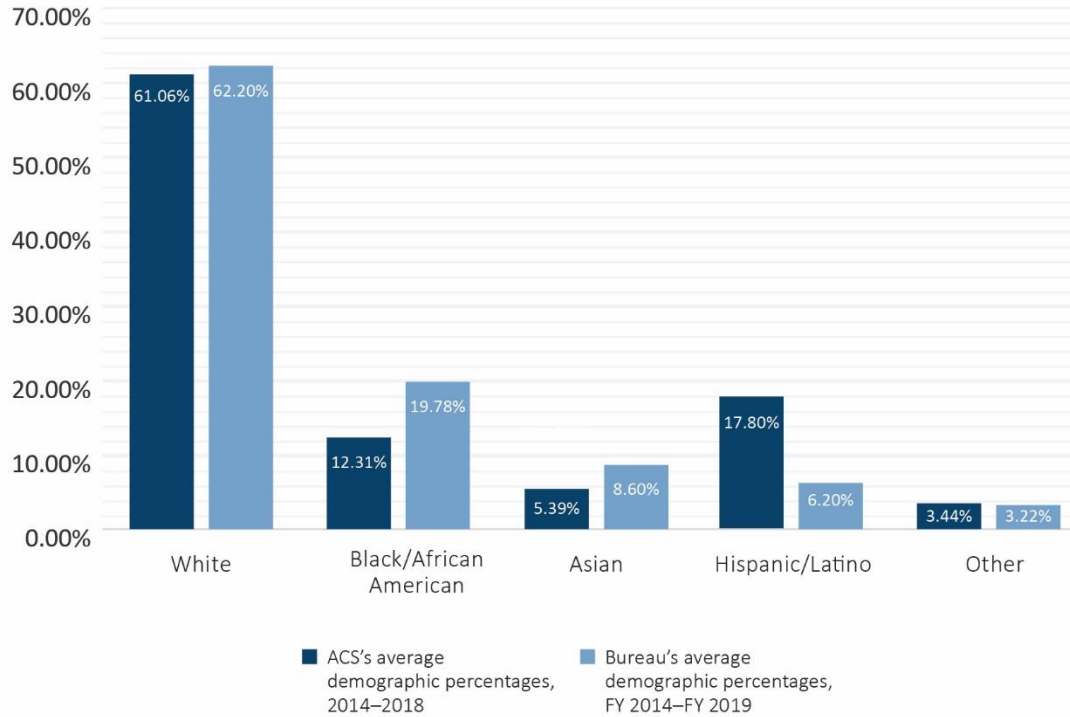
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<sup>25</sup> We focused on racial and ethnic diversity for the purposes of our analysis. Other aspects of demographic diversity, such as age, gender, and sexual orientation, were not within the scope of our audit.

<sup>26</sup> Government agencies use information from the ACS to help inform public policymakers, distribute funds, and assess programs. For example, some federal departments use ACS estimates to enforce employment antidiscrimination laws. At the time of our audit, ACS's 4-year-average data were available through 2018.

percentage of overall workforce is not unique to the Bureau. Other federal financial regulatory agencies have reported that they face the same challenge.

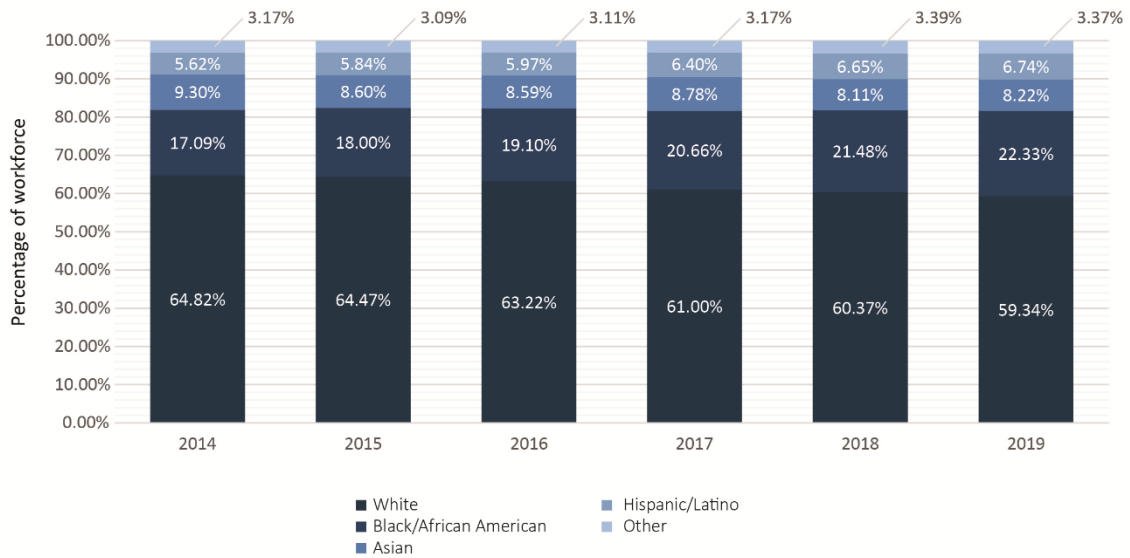
**Figure 4. ACS's Average Demographic Data for 2014–2018 and the Bureau's Average Demographic Data for FY 2014–FY 2019, by Race and Ethnicity**



Source: OIG analysis based on Bureau-provided data and ACS data.

We also analyzed the Bureau's FY 2014 through FY 2019 workforce data by race and ethnicity and found that workforce diversity generally increased for certain race and ethnicity groups. Specifically, the Bureau's Black/African American, Hispanic/Latino, and Other groups increased as a percentage of total employees (figure 5).

Figure 5. Permanent Bureau Employees by Race and Ethnicity, FY 2014–FY 2019



Source: OIG analysis based on Bureau-provided data.

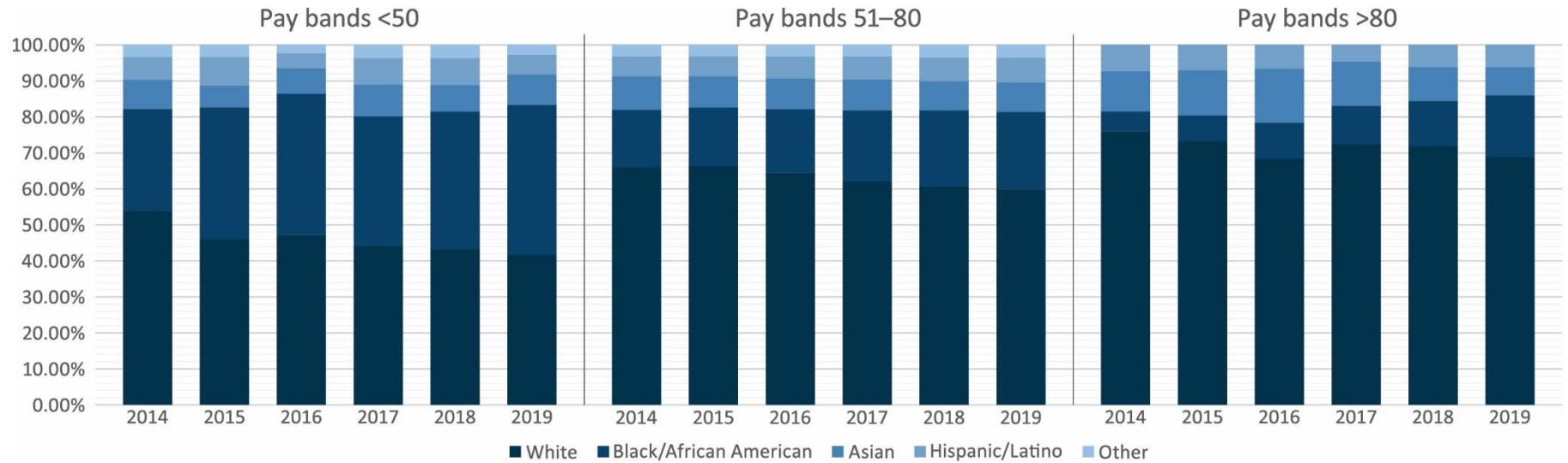
Note: For the purposes of this report, we grouped the following race and ethnicity categories as *Other* because of the small number of individuals typically represented in each of these categories: (1) Native Hawaiian or Other Pacific Islander, (2) American Indian or Alaska Native, and (3) two or more races (not Hispanic or Latino).

Further, we analyzed the workforce data by pay band groupings for the same period and determined that diversity increased in certain race and ethnicity groups and across pay bands at the Bureau (figure 6 and table 1). We also found that although the higher pay bands are less diverse, diversity began to increase around 2016 in pay bands 51–80. In addition, executive positions (pay bands above 80) for one demographic group steadily increased during the entire period. Specifically, we found the following:

- For pay bands below 50, the proportion of the Bureau’s Black/African American and Asian populations increased, while the proportion of the Bureau’s White, Hispanic/Latino, and Other populations decreased.
- For pay bands 51–80, the proportion of the Bureau’s Black/African American, Hispanic/Latino, and Other populations increased, while the proportion of the White and Asian populations decreased.
- For pay bands above 80, the proportion of the Bureau’s Black/African American population steadily increased, while the proportion of other population groups either decreased or remained the same.<sup>27</sup>

<sup>27</sup> Executive positions at the Bureau include those designated as the following Bureau pay bands: 81, 82, and 90.

Figure 6. Permanent Bureau Employees by Pay Band and Race and Ethnicity, FY 2014–FY 2019



Source: OIG analysis based on Bureau-provided data.

Note: The Bureau implemented a hiring freeze from November 2017 until August 2019. During the hiring freeze, the Bureau’s workforce decreased from 1,502 employees in FY 2018 to 1,422 employees in FY 2019.

Table 1. Percentage of Permanent Bureau Employees by Pay Band and Race and Ethnicity, FY 2014–2019

|                        | Pay bands below 50 |       |       |       |       |       | Pay bands 51–80 |       |       |       |       |       | Pay bands >80 |       |       |       |       |       |
|------------------------|--------------------|-------|-------|-------|-------|-------|-----------------|-------|-------|-------|-------|-------|---------------|-------|-------|-------|-------|-------|
|                        | 2014               | 2015  | 2016  | 2017  | 2018  | 2019  | 2014            | 2015  | 2016  | 2017  | 2018  | 2019  | 2014          | 2015  | 2016  | 2017  | 2018  | 2019  |
| Other                  | 3.47               | 3.33  | 2.40  | 3.68  | 3.70  | 2.78  | 3.28            | 3.20  | 3.31  | 3.26  | 3.53  | 3.57  | 0.00          | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| Hispanic/Latino        | 6.36               | 8.00  | 4.00  | 7.35  | 7.41  | 5.56  | 5.43            | 5.53  | 6.12  | 6.39  | 6.62  | 6.83  | 7.41          | 7.14  | 6.67  | 4.62  | 6.25  | 6.25  |
| Asian                  | 8.09               | 6.00  | 7.20  | 8.82  | 7.41  | 8.33  | 9.40            | 8.73  | 8.44  | 8.61  | 8.09  | 8.23  | 11.11         | 12.50 | 15.00 | 12.31 | 9.38  | 7.81  |
| Black/African American | 28.32              | 36.67 | 39.20 | 36.03 | 38.27 | 41.67 | 15.95           | 16.29 | 17.72 | 19.65 | 20.90 | 21.51 | 5.56          | 7.14  | 10.00 | 10.77 | 12.50 | 17.19 |
| White                  | 53.76              | 46.00 | 47.20 | 44.12 | 43.21 | 41.67 | 65.95           | 66.25 | 64.42 | 62.08 | 60.85 | 59.86 | 75.93         | 73.21 | 68.33 | 72.31 | 71.88 | 68.75 |

Source: OIG analysis based on Bureau-provided data.

Note: The Bureau implemented a hiring freeze from November 2017 until August 2019. During the hiring freeze, the Bureau’s workforce decreased from 1,502 employees in FY 2018 to 1,422 employees in FY 2019.



In its March 2020 *Office of Minority and Women Inclusion Annual Report to Congress*, the Bureau identified the need to increase its Hispanic/Latino workforce. To improve the representation of Hispanic/Latino individuals, the Bureau established an employee resource group for Hispanic/Latino employees in 2016 and conducted a barrier analysis in 2017. In addition, the Bureau maintains relationships with Hispanic/Latino professional organizations to assist with its recruitment efforts. Further, the Bureau reported that it will continue to focus its recruitment and hiring efforts on Hispanic/Latino individuals.

## **The Bureau Can Continue to Increase Workforce Diversity by Leveraging Certain Practices**

We identified six practices and supporting actions for cultivating a diverse workforce based on our review of published literature on increasing workforce diversity. In addition, we found that the Bureau's hiring processes aligned with many of these six practices and their supporting actions, but we also identified several practices for cultivating a diverse workforce that may help the Bureau continue to increase its workforce diversity (table 2).

**Table 2. Practices and Supporting Actions for Cultivating a Diverse Workforce, Observed Supporting Actions, and Areas for Consideration**

| Practice  | Supporting actions   | Observed supporting action | Area for consideration |
|---|--|----------------------------|------------------------|
| Collect hiring data and use the data to measure progress toward hiring a diverse workforce. | <ul style="list-style-type: none"> <li>Track the applicant pool at all stages of the hiring process.</li> <li>Create measurable diversity goals and metrics.</li> <li>Monitor the use of restrictive hiring authorities and practices to ensure that overall an agency’s hiring practices are fair and open.</li> </ul>  | ✓                          | ✓ <sup>a</sup>         |
| Encourage a diverse pool of applicants for position openings.                               | <ul style="list-style-type: none"> <li>Avoid unnecessarily restricting the applicant pool.</li> <li>Do not overly rely on internal hiring.</li> <li>Ensure that job descriptions signal interest in diversity and encourage a wide variety of applicants.</li> </ul>   | ✓                          |                        |
| Implement hiring processes that work to eliminate bias.                                     | <ul style="list-style-type: none"> <li>Remove names from résumés prior to review.</li> <li>Use hiring software to help select applicants in an unbiased manner.</li> <li>Use demographically diverse interview panels.</li> <li>Provide applicants with a standard interview process.</li> <li>Follow diversity hiring rules, such as the Rooney Rule, the Mansfield Rule, and the Beatty Rule when filling leadership positions.<sup>b</sup></li> </ul> |                            | ✓                      |
| Develop a diverse leadership pipeline.  | <ul style="list-style-type: none"> <li>Establish employee resource groups and affinity groups to provide space for employee development.</li> <li>Establish mentorship and leadership programs, which can help increase diversity in management.</li> </ul>  | ✓                          |                        |
| Focus on diversity from the top to the bottom of the organization.                          | <ul style="list-style-type: none"> <li>Actively involve senior leaders in setting the vision and strategy for, and the direction of, diversity initiatives.</li> <li>Provide diversity training.</li> </ul>  | ✓                          |                        |
| Increase applicant diversity through external outreach efforts.                             | <ul style="list-style-type: none"> <li>Participate in hiring programs focused on underrepresented groups.</li> <li>Develop relationships with Historically Black Colleges and Universities and Minority Serving Institutions.</li> <li>Circulate job announcements widely, and actively recruit applicants from underrepresented groups.</li> </ul>  | ✓                          |                        |

Source: OIG analysis of publications and Bureau-provided documents.

<sup>a</sup> Although the Bureau generally applies this practice, it could further consider one of the supporting actions, as described below.

<sup>b</sup> The Rooney Rule, modeled after the 2003 National Football League policy and used by financial institutions, requires that at least one minority or woman be interviewed for each open leadership position. The Mansfield Rule, typically used by the legal profession, asks that 30 percent of the candidates considered for leadership positions be women; racial or ethnic minorities; or members of the lesbian, gay, bisexual, transgender, and queer/questioning community. The Beatty Rule, introduced in H.R. 281 and passed by the U.S. House of Representatives in September 2019, requires interviewing at least one candidate representative of gender diversity and one representative of racial and ethnic diversity for Federal Reserve Bank president vacancies.

More specifically, we found that the Bureau has implemented the following supporting actions stated in table 2.

- **Track the applicant pool at all stages of the hiring process.** The Bureau collects hiring data and uses that data to measure progress toward hiring a diverse workforce. Data collection systems, such as Monster Analytics, capture applicant demographics and identify how far an applicant progressed in the hiring process by demographic group. The Bureau uses the information to analyze applicant diversity and identify trends.
- **Establish employee resource groups and affinity groups to provide space for employee development.** Between FY 2015 and FY 2019, the Bureau established five employee resource groups to help increase diversity at the Bureau. Employee resource groups focus on the following populations and their allies: LGBTQ+ (lesbian, gay, bisexual, transgender, queer/questioning), Hispanic/Latino, Black/African American, Asian American and Pacific Islander, and women.
- **Establish mentorship and leadership programs, which can help increase diversity in management.** The Bureau established mentorship and leadership programs to help increase diversity in management. The Bureau implemented the Mentoring for Success program, which includes a leadership speaker series, small group discussions, and mentor pairs. The Bureau also has a leadership development program that includes leadership excellence seminars, supervisor development seminars, and executive coaching. The leadership training program seminars are mandatory for all supervisors, managers, and senior leaders.
- **Circulate job announcements widely, and actively recruit applicants from underrepresented groups.** The Bureau uses a digital recruitment strategy and posts openings on social media sites, such as LinkedIn, Indeed, and Direct Hire. Additionally, the Bureau has developed relationships with Historically Black Colleges and Universities and Minority Serving Institutions.

We also identified the following supporting actions for further consideration:

- **Monitor the use of restrictive hiring authorities and practices to ensure that overall an agency's hiring practices are fair and open.** The Bureau did not track the use of its special hiring authorities or the use of noncompetitive details and temporary promotions. As such, the agency cannot be assured that it provides noncompetitive detail and temporary promotion opportunities to a diverse group of employees. Further, employees selected for these positions may receive an advantage in obtaining promotions. In our testing, we observed an instance in which the Bureau filled a permanent position without an interview based on an applicant completing a prior detail to that office.
- **Remove names from résumés prior to review.** Applicant names are removed from the application materials that SMEs receive to conduct category ratings, but no such requirement exists for the hiring manager's review. Bureau hiring managers confirmed that applicant names are not removed from application materials prior to their review. By not removing applicant names during the hiring manager's review, a bias may be introduced, as hiring managers may make assumptions based on an applicant's name.
- **Use demographically diverse interview panels.** Although OHC encourages the use of diverse interview panels, the Bureau's definition of diversity does not solely focus on demographic composition, such as race and ethnicity, but also includes diversity in positions, offices, and educational backgrounds. As a result, some interview panels may not include demographically

diverse panelists who can provide unique perspectives on the applicant’s qualifications. In addition, by not having demographically diverse interviewers, qualified applicants may have an initial impression that does not reflect the actual diversity of the organization, which may influence their interest in pursuing the position.

## Conclusion

The Bureau states in its March 2020 *Office of Minority and Women Inclusion Annual Report to Congress* that diverse backgrounds, perspectives, and experiences are critical to executing the Bureau’s mission. The Bureau has expanded its recruitment and outreach activities to attract a more diverse workforce and is taking actions to increase its representation of Hispanic/Latino individuals. Even though its workforce is largely representative of the U.S. population’s demographic composition, we believe that the Bureau should continue its focus on cultivating a diverse workforce. Such a focus can ensure that the Bureau helps maintain the confidence of the American people that the civil service is equally open to everyone. The Bureau should continue focusing on increasing its workforce diversity so that it can be assured that wide ranges of perspectives are considered in executing its mission.

## Recommendation

We recommend that the chief human capital officer and the director of OMWI

10. Review current hiring practices and identify potential opportunities to incorporate additional practices to cultivate a diverse workforce, such as monitoring the use of restrictive hiring authorities and other practices, including using noncompetitive details; removing names from résumés during the hiring manager’s résumé review; and using demographically diverse interview panels.

## Management Response

In its response to our draft report, the Bureau concurs with our recommendation. The response states that OHC and OMWI have already identified opportunities to incorporate additional practices to cultivate a diverse workforce, such as encouraging the use of demographically diverse interview panels and leveraging the use of the schedule A hiring authority to advance the hiring of people with disabilities. In addition, OHC is undertaking a hiring improvement project, which includes examining current hiring practices and determining how to monitor and prevent the use of restrictive hiring authorities. The Bureau anticipates completing these actions in the second quarter of FY 2022.

## OIG Comments

The planned and completed actions described by the Bureau appear to be responsive to our recommendation. We will follow up to ensure that the recommendation is fully addressed.



# Appendix A: Scope and Methodology

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The objectives of this audit were to assess the Bureau’s compliance with its policies and procedures related to selected types of hiring, promotions, and other internal placements and to identify any potential effects of those hiring practices on its workforce diversity.

To assess compliance for selected types of hiring, promotions, and other internal personnel placements, we reviewed Bureau policy, procedure, and guidance documents to gain an understanding of the control environment surrounding Bureau hiring processes. We focused our review on policies and procedures related to the following hiring authorities—delegated examining, merit promotion, and schedule C—as well as policies and procedures related to hiring executives, which use either the delegated examining or merit promotion hiring authority. To confirm our understanding of the processes, we interviewed OHC officials and selected Bureau hiring managers. Based on our review, we identified key internal controls to test for each hiring type. We examined hiring actions from February 1, 2019, through January 31, 2020, as well as workforce demographic data for FY 2014 through FY 2019. We did not assess the Bureau’s management decisions on individual hiring actions.<sup>28</sup>

To test the key internal controls, we

- determined the Bureau’s hiring data reliability by reviewing (1) the 110 hiring actions that occurred within the period of our review in the Hiring Tracker database for completeness and accuracy and (2) documentary and testimonial evidence related to the system controls for entering information into the Hiring Tracker database. We then assessed how the data reliability issues identified in the Hiring Tracker database may affect decisionmaking.
- selected a nonstatistical quota sample of 26 hiring actions out of the 110 hiring actions that occurred during the scope of our audit (February 1, 2019, through January 31, 2020).<sup>29</sup> Because this was a nonstatistical sample, we are unable to project our conclusions to the entire population. We selected cases to include a variety of hiring types, pay bands, and assessment types (such as the use of SMEs). We also considered duplicate records and other characteristics that made the hiring action unique. Of the 26 hiring actions we selected for testing, 5 were delegated examining hires, 10 were merit promotion hires, and 5 were executive hires. An additional 6 hiring actions were selected for limited testing, as they were classified as “other” or the hiring type was left blank in the Hiring Tracker database. We also selected all four of the schedule C hires that occurred during the scope of our audit.
- conducted testing using documentary evidence and obtained testimonial evidence on the testing results. Testing focused on processes used for (1) initiating and posting vacancies; (2) assessing, interviewing, and selecting applicants; and (3) using SMEs in the hiring process.

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<sup>28</sup> We initiated this audit on a discretionary basis to assess certain hiring controls. We did not initiate this audit for investigative purposes.

<sup>29</sup> A quota sample allows auditors to group similar records together and to judgmentally select the cases in the sample.

- analyzed trends and outliers observed during internal control testing for selected hiring actions. Such additional analysis included the use of structured interviews and changes to the assessment process between posting of the vacancy announcement and filling of the position.

To identify the potential effect of hiring practices on workforce diversity, we analyzed Bureau workforce demographics data (FY 2014 through FY 2019). Our analysis was to (1) determine the race and ethnicity distribution agencywide and by pay band grouping and (2) identify the extent to which workforce demographics have changed over time as a whole and by pay band grouping. We then compared Bureau workforce demographics to the Census Bureau's ACS data for 2014–2018.

We also reviewed reports and articles published by the public, private, and academic sectors and identified six practices for cultivating a diverse workforce. Our sources include the U.S. House of Representatives Committee on Financial Services, the MSPB, GAO, *Forbes*, the American Economic Association, the *Harvard Business Review*, the *Journal of Financial Planning*, the *Journal of Financial Service Professionals*, and the *Workforce Solutions Review*. We then interviewed OHC and OMWI officials and reviewed Bureau documents to determine whether the agency's hiring practices align with the practices we identified.

We conducted audit fieldwork from February 2020 through November 2020. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



## Appendix B: Glossary

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The below terms and explanations are based on the Bureau's hiring policy, procedure, and guidance documents as well as statements made by Bureau officials.

**competitive service**—Includes all civilian positions in the federal government that are subject to title 5 of the *United States Code* and are not specifically excepted from civil service by law. Applicants must compete with other applicants in open competition under the merit system administered by OPM.

**delegated examining**—Positions that are open to the general public and are not excepted from civil service laws by OPM, the president, or statute.

**excepted service**—Positions that are excepted from competitive service by OPM or by law.

**executive narrative assessment**—An assessment that requires applicants to submit essays addressing their experience related to specific competencies or job functions.

**executives**—Positions at pay band levels 81, 82, and 90. Bureau executives are either in competitive service or excepted service depending on the classification of the position.

**Hiring Tracker data entry form**—Form used by OHC staffing consultants to capture hiring information, such as dates for when certain steps in the hiring process occurred. The information automatically populates the Hiring Tracker database.

**Hiring Tracker**—A centralized database that captures information and dates for each step in the hiring process.

**merit promotion**—Positions that are open to certain current and former federal employees and are also not excepted from civil service laws. These positions are not open to the general public.

**minimum qualification review**—A review of the applicant's experience and education (that is, résumé) to determine whether they are minimally qualified by meeting the specialized experience identified by the hiring manager.

**schedule C**—Policy-determining positions or positions that involve a close and confidential working relationship with the head of an agency or other key appointed officials.

**self-assessment questionnaire**—An assessment that can consist of multiple choice, multiple answer, yes/no, or similar types of questions that cover a variety of competencies.

**temporary appointments**—A nonstatus appointment for a specific period of 1 year or less. The appointment can be extended for up to 1 year.

**time to hire**—The number of calendar days it takes to fill a vacant position. It encompasses 23 process steps within four phases (*classification, job design and strategy, post and select, and onboarding*). It also

includes an aggregate end-to-end measurement that tracks the date that a hiring action is initiated to the date the action is completed.



# Appendix C: Management Response

Bureau of Consumer Financial Protection  
1700 G Street NW  
Washington, D.C. 20552



March 03, 2021

Mr. Michael VanHuysen  
Associate Inspector General for Audits and Evaluations  
Board of Governors of the Federal Reserve System &  
Bureau of Consumer Financial Protection  
20th and C Streets, NW  
Washington, DC 20551

Dear Mr. VanHuysen:

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) draft report from your 2019 Audit of CFPB's hiring practices. We appreciate your recommendations and see them as aimed at strengthening the Bureau's hiring processes and reducing risks.

I want to thank you and your team for your professionalism and the cooperation and courtesy that the OIG team demonstrated throughout this review.

Please see the attached document with our comments on the OIG recommendations.

Sincerely,

**Jeffrey Sumberg**  
Digitally signed by Jeffrey Sumberg  
Date: 2021.03.03 14:18:43 -05'00'  
Jeffrey Sumberg  
Chief Human Capital Officer



The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce

| Finding  | Recommendation   | CFPB Response/Comments  |
|--|--|---|
| <p>1. The Bureau Can Improve Certain Hiring Practices and Guidance Related to Interviews</p> | <p>1. Monitor the use of structured interviews and provide periodic reports tracking the use of structured interviews to senior Bureau officials, such as division and office leaders and the chief operating officer.</p>   | <p>The Bureau concurs with this recommendation. OHC will begin tracking the use of structured interviews and provide quarterly reports to Bureau leadership. OHC will determine the appropriate reporting tool and structure of the report. We anticipate starting reporting in FY22 Q2.</p>  |
|  | <p>2. Update policies and procedures to:</p> <ul style="list-style-type: none"> <li>a. require documentation of changes to the planned assessment process after a position has been posted.</li> <li>b. provide additional guidance for hiring managers on the use of structured interviews and selection of interview panelists.</li> </ul> | <p>The Bureau concurs with this recommendation. OHC will update the relevant SOPs and policies surrounding the assessment process. OHC currently provides structured interview training to hiring managers and panel members on a regular basis that clarifies the structured interview process and encourages diversity in the selection of interview panelists. Materials will be updated to provide stronger encouragement of the use of structured interviews, notify managers of the reporting requirements and emphasize the importance of diversity in the selection of interview panelists. We expect to complete the updating of policies/SOPs by end of FY22 Q1 and update training materials for managers by end of FY22 Q2.</p> |
|  | <p>3. Strengthen internal controls to more accurately identify qualified internal Bureau applicants and conduct interviews, as required.</p>   | <p>The Bureau concurs with this recommendation. OHC will consider options for identifying qualified Bureau applicants to assist managers with meeting the interview requirements outlined in our policies and procedures. OHC will evaluate ways to identify the Bureau applicants and implement a process to assist the managers by end of FY22 Q1.</p>  |
| <p>2. The Bureau Follows Most but not all Its Hiring Policies and Procedures</p>             | <p>4. Review current schedule C reporting practices and requirements, identify additional ways to increase public transparency on the use of these positions, and update relevant guidance accordingly.</p>  | <p>This recommendation was based on the fact that the Bureau's initial Schedule C guidance said that the Bureau would biannually report to OMB on the status of Schedule C positions and report our Schedule Cs in the Plum Book. Neither of these things happened. When OHC further researched this issue, we found that the Bureau did not have a requirement to report our Schedule Cs to OMB and thus our initial guidance was incorrect. With regard to the Plum Book, our Schedule C positions failed to appear there due to a problem in OPM's Executive Schedule C System which tracks and generates Schedule C information for the Plum Book. CFPB's information did not appear in</p>   |



2021 Hiring Practices  
BCFP Response

| Finding   | Recommendation   | CFPB Response/Comments  |
|---|--|---|
|   |  | <p>the ESCS system so when the Plum Book was issued, none of the Bureau's Schedule C positions appeared.</p> <p>OHC believes these issues are resolved. The Bureau's Schedule C guidance was updated in January 2021 to clarify the Bureau's reporting requirements. OHC also has resolved the ESCS system issue with OPM, and all Bureau Schedule C positions are now populated in the ESCS tool and will be updated in the system going forward. This will address the public transparency issue and allow for accurate reporting from OPM. OHC would also note that all Bureau Schedule Cs over time have been hired in accordance with OPM regulations and guidance and were approved by the Presidential Personnel Office and OPM.</p> |
| <p>3. The Bureau Can Improve Its Documentation of Hiring Actions</p>                            | <p>5. Align policy, procedure, and guidance documents with the actual practices related to identifying SMEs early in the hiring process and requiring SME signatures on combined rating sheets.</p> <p>6. Improve the consistency and timeliness of hiring documentation by:</p> <ul style="list-style-type: none"> <li>a. updating the hiring process documentation requirements to specify the required timing and level of detail.</li> <li>b. updating relevant policies and procedures as well as the job analysis and selection forms to ensure that all key information is captured.</li> <li>c. providing training to relevant staff on documentation requirements.</li> </ul> | <p>The Bureau agrees with this recommendation. OHC will update policies, procedures and guidance to clarify the practices related to timing for identifying SMEs in the hiring process and requirements for signatures and approvals on rating sheets. Anticipate completion by end of Q2 FY22.</p> <p>The Bureau agrees with this recommendation. OHC will review the current, policies and procedures and forms as well as develop and conduct training with staff and managers on documentation requirements by end of Q2 FY22.</p>  |
| <p>4. The Bureau's Hiring Tracker Database Has Incomplete Data and Lacks System Controls to</p> | <p>7. Implement automated system controls to ensure that key date fields are completed for all hiring actions in the Hiring Tracker database.</p>  | <p>The Bureau agrees with this recommendation. We are working with BFS to implement the shift to USA Staffing and we will analyze the ability to transfer data from the tool directly into the Hiring Tracker.</p>  |



2021 Hiring Practices  
BCFP Response

| Finding  | Recommendation   | CFPB Response/Comments  |
|--|--|---|
| Ensure Data Reliability  | <p>8. Update the <i>Measuring and Reporting Time to Hire</i> SOP to include:</p> <ul style="list-style-type: none"> <li>a. comprehensive guidance on documenting purposeful omissions in the Hiring Tracker data entry form.</li> <li>b. OHC practices for reviewing the Hiring Tracker database for accuracy and completeness.</li> </ul> <p>9. Require training for staff responsible for entering information into the Hiring Tracker database on</p> <ul style="list-style-type: none"> <li>a. using the Hiring Tracker data entry form and database.</li> <li>b. the updated SOP so that practices align with established processes.</li> </ul> | <p>OHC will review options to make any needed changes to the Hiring Tracker by the beginning of Q2 FY22.</p> <p>The Bureau agrees with this recommendation. OHC can update the Measuring and Reporting on Time to Hire SOP once we decide on any changes to the Hiring Tracker. Expected completion by the end of Q2 FY22.</p> <p>The Bureau agrees with this recommendation. OHC will train staff on the use of the updated Hiring Tracker tool by the end of Q2 FY22.</p>   |
| 5. The Bureau Should Continue Taking Steps to Increase Its Workforce Diversity | 10. Review current hiring practices and identify potential opportunities to incorporate additional practices to cultivate a diverse workforce, such as monitoring the use of restrictive hiring authorities and other practices, including using noncompetitive details; removing names from résumés during the hiring manager's résumé review; and using demographically diverse interview panels.  | The Bureau concurs with this recommendation. OMWI, in partnership with OHC, has already taken steps to identify opportunities to incorporate additional practices to cultivate a diverse workforce. These steps are based on learnings from several sources, including, the Bureau's barrier analysis research, input from the Annual Employee Survey, and the Diversity and Inclusion Strategic Planning process. Some of the areas identified for improvement include encouraging the use of demographically diverse interview panels, leveraging the use of Schedule A hiring authority to advance hiring of people with disabilities, and consistent use of structured interviews. Additionally, OHC is evaluating the feasibility of redacting information during resume reviews. OHC has currently undertaken a hiring improvement project which includes examining current hiring practices to ensure transparency and efficiency in the process of determining how to monitor and prevent |



2021 Hiring Practices  
BCFP Response

| Finding | Recommendation | CFPB Response/Comments  |
|---------|----------------|---|
|         |                | any use of restrictive hiring authorities. Expected completion by the end of Q2 FY22. |



# Abbreviations

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|                  |  |
|------------------|--|
| <b>ACS</b>       | American Community Survey                            |
| <b>BFS</b>       | Bureau of the Fiscal Service                         |
| <b>FY</b>        | fiscal year  |
| <b>GAO</b>       | U.S. Government Accountability Office                |
| <b>MSPB</b>      | U.S. Merit Systems Protection Board                  |
| <b>OHC</b>       | Office of Human Capital                              |
| <b>OMB</b>       | Office of Management and Budget                      |
| <b>OMWI</b>      | Office of Minority and Women Inclusion               |
| <b>OPM</b>       | U.S. Office of Personnel Management                  |
| <b>Plum Book</b> | <i>United States Policy and Supporting Positions</i> |
| <b>SME</b>       | subject-matter expert                                |
| <b>SOP</b>       | standard operating procedure                         |

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