



Executive Summary:

The CFPB Can Further Enhance Internal Controls for Certain Hiring Processes

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Purpose

We conducted this evaluation to assess the efficiency and effectiveness of certain activities of the Consumer Financial Protection Bureau's (CFPB) employee recruitment and selection processes, as well as the agency's compliance with CFPB recruitment and selection policies and procedures and certain laws and regulations. We tested internal controls for (1) activities related to filling competitive service and excepted service positions, (2) the administration of recruitment incentives, and (3) noncompetitive promotions and reassignments. We also evaluated how the CFPB measures the timeliness of its hiring.

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) authorized the Director of the CFPB to appoint employees in accordance with applicable provisions of title 5 of the *United States Code* and its implementing regulations. The Dodd-Frank Act provided the CFPB with flexibility in its hiring process by waiving specific title 5 provisions through July 21, 2015. In January 2012, a CFPB order delegated most of the Director's authority to the agency's Office of Human Capital (OHC). From the CFPB's inception in July 2011 through December 2014, the agency grew from 212 employees to more than 1,400.

Finding

The OHC established control activities in the form of policies and procedures related to recruiting and selecting employees. Our testing of certain controls that were in effect during our review period revealed, however, that OHC personnel did not always follow the control activities established to enforce management's directives. Although recent OHC initiatives have strengthened control activities, we found that OHC's internal controls can be further enhanced. For example, the agency can improve its ability to track and measure the timeliness of its hiring, as well as monitor recruitment and selection activities for potential deficiencies.

According to the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, internal control contributes to management's ability to efficiently and effectively achieve its goals and objectives. Thus, effective internal control contributes to the CFPB's ability to recruit highly qualified staff in a timely manner. By effectively implementing controls, the OHC can help ensure that its internal policies are followed and that potential process improvements are identified.

Recommendations

Our report includes recommendations designed to improve the efficiency and effectiveness of the OHC's employee recruitment and selection processes. Our recommendations relate to establishing target completion dates and performance metrics to ensure the efficiency of the hiring process and enhancing monitoring activities to assess performance and facilitate the identification of control deficiencies. In its response to our draft report, the CFPB concurs with our recommendations.