SEMIANNUAL REPORT TO CONGRESS

April 1, 2014–September 30, 2014

OFFICE OF INSPECTOR GENERAL

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

SEMIANNUAL
REPORT TO CONGRESS
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Office of Inspector General

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

Message From the Inspector General

Mark Bialek
Inspector General

We have done a tremendous amount of work in the last six months as we implemented our *Strategic Plan 2013–2016*. I would like to highlight three significant accomplishments for our office, and I hope that you will read this *Semiannual Report to Congress* for details on all our activities for the reporting period.

First, we issued our inaugural listings of major management challenges for the Board of Governors of the Federal Reserve System (Board) and the Consumer Financial Protection Bureau (CFPB). Although we are not required by law, as most Offices of Inspector General (OIGs) are under the Reports Consolidation Act of 2000, to issue major management challenges, we believe that it is our duty to highlight those critical areas that the Board and the CFPB need to address to successfully accomplish their strategic objectives.

Major Management Challenges for the Board

1. Continuing to Implement a Financial Stability Regulatory and Supervisory Framework
2. Human Capital
3. Board Governance
4. Capital Improvement Projects
5. Information Security

Major Management Challenges for the CFPB

1. Improving the Operational Efficiency of Supervision
2. Building and Sustaining a High-Performing Workforce
3. Implementing New Management Operations
4. Providing for Space Needs
5. Ensuring an Effective Information Security Program

These major management challenges align with recent congressional concerns on issues such as information security, workforce diversity and inclusion, and capital spending on major renovation and construction projects. By focusing our work on these high-risk areas, we are uniquely positioned to help the Board and the CFPB overcome their operational and programmatic challenges. We will continue to monitor how the Board and the CFPB address these challenges going forward.

Second, we launched our new public website. Our new site delivers a better user experience as it clearly highlights our work for both the Board and the CFPB on its landing page and is reader-friendly on mobile devices. It provides clearer information about who we are, what we do, and how agency employees and others can help, including expanded FAQs about the OIG in general, as well as our audits, investigations, and Hotline. A new Hotline section also provides an online form to make it easier to report fraud, waste, or abuse.

Finally, our office underwent an independent audit peer review during this reporting period, the first to occur after we established an OIG Quality Assurance program to ensure compliance with applicable standards for all OIG operations. I am pleased and proud to report that we received a rating of *pass*. For this accomplishment, and for all the important work that was undertaken during this reporting period, I extend my sincerest thanks to all OIG staff members.

Sincerely,

Mark Bialek
Inspector General
October 31, 2014

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Highlights

The Office of Inspector General (OIG) continued to promote the integrity, economy, efficiency, and effectiveness of the programs and operations of the Board of Governors of the Federal Reserve System (Board) and the Consumer Financial Protection Bureau (CFPB). The following are highlights of our work during this semiannual reporting period.

Audits, Evaluations, and Inspections

10 reports issued	**5** Board	**5** CFPB
24 open recommendations closed	**16** Board	**8** CFPB
26 ongoing projects	**14** Board	**12** CFPB

The Federal Reserve's Supervisory Activities Related to the Loss at JPMorgan Chase & Co.'s Chief Investment Office. We completed our evaluation of the Federal Reserve's supervisory activities related to the loss at JPMorgan Chase & Co.'s (JPMC) Chief Investment Office (CIO). We found that there was a missed opportunity for the Federal Reserve Bank of New York (FRB New York) and the Office of the Comptroller of the Currency (OCC) to discuss risks related to the CIO and consider how to deploy the agencies' collective resources most effectively. We also found that (1) Federal Reserve and OCC staff lacked a common understanding of the Federal Reserve's approach for examining Edge Act corporations, (2) FRB New York staff were not clear about the expected deliverables resulting from continuous monitoring activities, and (3) FRB New York's JPMC supervisory teams appeared to exhibit key-person dependencies. We made

10 recommendations that encourage the Board's Division of Banking Supervision and Regulation to enhance its supervisory processes and approach to consolidated supervision for large, complex banking organizations.

The CFPB's Headquarters Renovation Project. We conducted an evaluation in response to a congressional request concerning the renovation budget for the CFPB's headquarters. We found that the approval of funding for the renovation was not in accordance with the CFPB's policies for major investments. We also found that the figures associated with the renovation had significantly different scopes. Lastly, we determined that competitive procedures were used during the three major contracting efforts associated with the CFPB headquarters building renovation.

The Board's Oversight of Future Complex Enforcement Actions. In February 2013, the Board and the OCC issued amended consent orders that required mortgage servicers to provide about \$3.67 billion in payments to nearly 4.2 million borrowers based on possible harm and to provide other foreclosure prevention assistance. We evaluated the Board's overall approach to oversight of the amended consent orders, determined the effectiveness of the Board's oversight of the borrower slotting process, and determined the effectiveness of the Board's oversight of the servicers' paying agent. We found that the Board's advance preparation and planning efforts for the payment agreement with the 13 servicers that joined the agreement in January 2013 were not commensurate with the complexity associated with this unprecedented interagency effort. In addition, project management resources were not available to the Board's oversight team for this initiative to assist in guiding and supporting this large, complex initiative. Finally, we found that data integrity issues at two mortgage servicers impacted the reliability and consistency of the slotting results, and we determined that an approach has not been selected to end the payment agreement. We made five recommendations to improve the Board's oversight of future complex enforcement strategies.

The CFPB's Acquisition and Contract Management of Select Cloud Computing Services. In January 2014, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) spearheaded a governmentwide review of select agencies' efforts to adopt cloud computing technologies. In support of this initiative, we reviewed the CFPB's acquisition and contract management for two cloud service providers to determine whether requirements for security, service levels, and access to records were planned for, defined in contracts, and being monitored. Our report contains four recommendations to assist the CFPB's Chief Information Officer in strengthening processes for the acquisition and contract management of cloud services.

Enforcement Actions and Professional Liability Claims Against Institution-Affiliated Parties and Individuals Associated With Failed Institutions. Our office, the Federal Deposit Insurance Corporation (FDIC) OIG, and the U.S. Department of the Treasury (Treasury) OIG participated in an evaluation concerning actions that the FDIC, the Board, and the OCC took against individuals and entities in response to actions that harmed financial institutions. The report contains three recommendations intended to strengthen the Board's and the OCC's programs for pursuing enforcement actions, and four recommendations that apply exclusively to the FDIC.

The CFPB's Performance and Results Processes. We conducted an audit to assess the effectiveness of the CFPB's processes that address the Government Performance and Results Act of 1993, as amended by the GPRA Modernization Act of 2010 (GPRA). We also assessed the CFPB's compliance with applicable sections of GPRA. We found that the CFPB has developed effective strategic and performance planning processes; however, we made three recommendations designed to ensure full GPRA compliance and to assist the CFPB in building on its current success in establishing GPRA processes.

The CFPB's Process for Complying With Section 1100G of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We assessed the CFPB's compliance with section 1100G of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Section 1100G requires the CFPB to assess the impact of any proposed rule on the cost of credit for small business entities and convene panels to seek direct input from small business entities prior to issuing certain rules. Overall, we found that the CFPB complied with the provisions of section 1100G as well as the agency's interim policies and procedures; however, we made three recommendations designed to improve the CFPB's process related to section 1100G.

Investigations

13
cases opened

17
cases closed

12
matters referred to prosecution

5
indictments

$22 million
in criminal fines, restitution, and forfeiture

Sentencing of Former Vice President of Fifth Third Bank. On August 26, 2014, a former Vice President of Fifth Third Bank in Jacksonville, Florida, was sentenced to five years in prison for embezzling at least $10.5 million from Fifth Third Bank over a four-year period. He also must pay $2 million in restitution to the bank after he is released. The defendant operated a bank-fraud scheme that included stealing more than $10 million from one corporate account and transferring money from two individual accounts to cover the original thefts. Fifth Third Bank is a state member bank regulated by the Board.

Guilty Plea for Former Bank Director of Montgomery Bank & Trust. On June 5, 2014, a former Bank Director pleaded guilty to bank, securities, and wire fraud to resolve charges brought in the Southern District of Georgia and the Eastern District of New York. The charges relate to a multimillion-dollar fraud scheme that the individual executed to defraud dozens of investors and a federally insured bank. Montgomery Bank & Trust (MB&T) is a subsidiary of Montgomery County Bankshares, Inc., a bank holding company regulated by the Board.

Introduction

Congress established the OIG as an independent oversight authority of the Board and the CFPB. In fulfilling this responsibility, the OIG conducts audits, evaluations, investigations, and other reviews related to Board and CFPB programs and operations. By law, OIGs are not authorized to perform program functions.

Consistent with the Inspector General Act of 1978, as amended, our office has the following responsibilities:

- to conduct and supervise independent and objective audits, investigations, and other reviews related to Board and CFPB programs and operations to promote economy, efficiency, and effectiveness within the Board and the CFPB
- to help prevent and detect fraud, waste, abuse, and mismanagement in Board and CFPB programs and operations
- to review existing and proposed legislation and regulations and make recommendations regarding possible improvements to Board and CFPB programs and operations
- to keep the Board of Governors, the Director of the CFPB, and Congress fully and currently informed

Congress has also mandated additional responsibilities that influence the OIG's priorities, including the following:

- Section 38(k) of the Federal Deposit Insurance Act, as amended, requires that the OIG review Board-supervised financial institutions that failed when the failure resulted in a material loss to the Deposit Insurance Fund (DIF) and produce a report within six months. Section 38(k) also requires that the OIG conduct an in-depth review of any nonmaterial losses to the DIF that exhibit unusual circumstances.
- Section 211(f) of the Dodd-Frank Act requires that the OIG review the Board's supervision of any covered financial company that is placed into receivership and produce a report. The OIG is to evaluate the effectiveness of the Board's supervision, identify any acts or omissions by the Board that contributed to

or could have prevented the company's receivership status, and recommend appropriate administrative or legislative action.

- Section 989E of the Dodd-Frank Act established the Council of Inspectors General on Financial Oversight (CIGFO).[1] CIGFO is required to meet at least quarterly to share information and discuss the ongoing work of each Inspector General (IG), with a focus on concerns that may apply to the broader financial sector and ways to improve financial oversight. Additionally, CIGFO is required to issue a report annually that highlights the IGs' concerns and recommendations, as well as issues that may apply to the broader financial sector. CIGFO also has the authority to convene a working group of its members to evaluate the effectiveness and internal operations of the Financial Stability Oversight Council, which was created by the Dodd-Frank Act and is charged with identifying threats to the nation's financial stability, promoting market discipline, and responding to emerging risks to the stability of the nation's financial system.
- The Federal Information Security Management Act of 2002 (FISMA) established a legislative mandate for ensuring the effectiveness of information security controls over resources that support federal operations and assets. Consistent with FISMA requirements, we perform annual independent reviews of the Board's and the CFPB's information security programs and practices, including the effectiveness of security controls and techniques for selected information systems.
- The Government Charge Card Abuse Prevention Act of 2012 requires our office to conduct periodic risk assessments and audits of the CFPB's purchase card, convenience check, and travel card programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments.
- The USA Patriot Act of 2001 grants the Board certain federal law enforcement authorities. Our office performs the external oversight function for the Board's law enforcement program.

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1. CIGFO comprises the Inspectors General of the Board, the Commodity Futures Trading Commission, the U.S. Department of Housing and Urban Development, Treasury, the FDIC, the Federal Housing Finance Agency, the National Credit Union Administration, the Securities and Exchange Commission, and the Special Inspector General for the Troubled Asset Relief Program.

- Section 11B of the Federal Reserve Act mandates annual independent audits of the financial statements of each Federal Reserve Bank (Reserve Bank) and of the Board. We oversee the annual financial statement audits of the Board and of the Federal Financial Institutions Examination Council (FFIEC).[2] (The Board performs the accounting function for the FFIEC.) Under the Dodd-Frank Act, the U.S. Government Accountability Office performs the financial statement audit of the CFPB.

2. The FFIEC is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board, the FDIC, the National Credit Union Administration, the OCC, and the CFPB and to make recommendations to promote uniformity in the supervision of financial institutions.

Major Management Challenges

Although not required by statute, the OIG recently compiled its first listings of major management challenges facing the Board and the CFPB. These challenges identify the areas that, if not addressed, are most likely to hamper the Board's and the CFPB's accomplishment of their strategic objectives.

Board of Governors of the Federal Reserve System

Management Challenge 1: Continuing to Implement a Financial Stability Regulatory and Supervisory Framework. Continuing to build a robust infrastructure for regulating, supervising, and monitoring risks to financial stability remains a strategic priority for the Board. In Supervision and Regulation Letter 12-17, *Consolidated Supervision Framework for Large Financial Institutions*, the Board outlined its updated framework for consolidated supervision of large financial institutions as a result of lessons learned during the financial crisis. While the letter provides a high-level description of the framework and priorities for consolidated supervision for large institutions, we understand that the supporting guidance necessary to fully implement the framework is forthcoming. We noted three additional challenges associated with implementing a financial stability regulatory and supervisory framework. Specifically, we noted the need for the Board to (1) cultivate effective relationships with other regulators, (2) finalize rulemakings required by the Dodd-Frank Act and transition to ensuring compliance with those regulations, and (3) develop the technology infrastructure and address the human capital challenges associated with monitoring risks to financial stability.

Agency Actions: Board officials have made significant efforts to coordinate with their counterparts at the OCC and the FDIC to align strategic objectives and minimize duplication of efforts with respect to the supervisory planning process. In addition, the

Board has made considerable progress in fulfilling the regulatory mandates outlined in the Dodd-Frank Act and in finalizing other significant rulemakings supporting the financial stability framework. Management recently improved supervisory teams' search capabilities for informal supervisory information related to specific institutions and will implement a new technology platform for the regional and community bank portfolios using a phased approach over multiple years.

Management Challenge 2: Human Capital. The Board's success in achieving its mission depends on having the right number of people with the necessary technical, managerial, and leadership skills. The Board faces challenges in maintaining the necessary skill sets due to competition for highly qualified staff and the difficulties associated with replacing departing employees who have the specialized knowledge and skills needed to fulfill the Board's mission. In addition, the Board will face challenges as it implements a new performance management process and continues its efforts to recruit and retain a more diverse workforce.

Agency Actions: The Board has taken several actions concerning the human capital challenges, including establishing a leadership development workgroup, implementing management development programs, and beginning to use a succession planning tool. It has also obtained assistance to implement the new performance management process. To address the continued challenge of recruiting and retaining a diverse workforce, the Office of Human Resources plans to partner with divisions to design, develop, and implement an integrated Boardwide talent management strategy.

Management Challenge 3: Board Governance. Historically, the Board's divisions have operated largely autonomously in performing their specified mission functions, developing organizational structures, formulating budgets, and establishing management processes. As the Board's mandate expanded in the wake of the financial crisis and the enactment of the Dodd-Frank Act, so has the Board's need for strategic planning, management processes, and coordination across divisions. We believe that aspects of Board governance, including internal control, information technology (IT), and data, will continue to pose management challenges to the Board's efficient accomplishment of its mission. Currently, there is no organization-wide process for maintaining and monitoring the Board's administrative internal controls. The Board also faces governance challenges in both the centralized and decentralized management of IT services. Finally, as a result of expanded responsibilities under the Dodd-Frank Act, the Board is engaging in new data collection and analysis. The Board will be challenged to expand its technology infrastructure and processes to support the increased requests for and analysis of data, as well as to enable comprehensive, enterprise-level data governance and information management practices.

Agency Actions: The Board intends to develop and implement a policy on administrative internal controls. The Board recently approved new delegations of authority to the Director of the Division of Information Technology, who is working to increase coordination among the divisions. The Board hired its first Chief Data Officer, who is working to establish data governance policies and to facilitate coordination across data communities at the Board and between the Board and other regulatory agencies. A new Boardwide data governance and management structure is also planned.

Management Challenge 4: Capital Improvement Projects. The Board is currently managing two major capital improvement projects: the Martin Building renovation and construction and the relocation of the Board's data center. Both are multiyear projects that involve significant resources and pose challenges due to their size, complexity, and effect on the Board's staff members and mission. As currently planned, the relocation of the Board's data center will overlap with the Martin Building project, creating an additional challenge as the Board attempts to oversee and manage both projects. In addition to managing these projects, the Board will have to adapt its space-planning and leasing activities due to the Martin Building project. The Board is challenged with accommodating both the expected growth of its workforce and the placement of staff members in swing space due to the Martin Building renovation and construction project, while also effectively managing its existing real property assets.

Agency Actions: The Board has taken actions to improve its recordkeeping, cost estimation, and cost management processes for the Martin Building project. For the data center relocation, the Board has designated a program manager and a project manager to oversee the project, in addition to an Executive Oversight Group to oversee and provide guidance. Recognizing that it needs to take a more consistent approach to space planning, the Board is developing a standard process for allocating and managing its space. The Board is also developing a strategic master plan for space planning and has contracted for real estate advisory services to assist with this effort.

Management Challenge 5: Information Security. The U.S. Government Accountability Office continues to include as a priority for federal agencies the protection of information systems and the nation's cybercritical infrastructures. Because of the decentralized nature of IT services across Board divisions, implementing Boardwide continuous monitoring and risk management programs poses a challenge. In addition, the Board is challenged to ensure that information systems and services provided by third-party providers, including the Reserve Banks, meet the requirements of FISMA and the Board's information security program.

Agency Actions: Management has outlined plans for continuous monitoring and risk management and has made progress in implementing National Institute of Standards and Technology guidelines. In addition, the Board is working to ensure that information systems and services provided by third-party providers, including systems supported by the Reserve Banks while they transition to a National Institute of Standards and Technology–based information security program, meet FISMA requirements.

Consumer Financial Protection Bureau

Management Challenge 1: Improving the Operational Efficiency of Supervision. The CFPB has made significant progress toward developing and implementing a comprehensive supervision program for depository and nondepository institutions. While we recognize the considerable efforts associated with the initial development and implementation of the program, we believe that the CFPB can improve the efficiency and effectiveness of its supervisory activities. As of July 31, 2013, the CFPB had not met its goals for the timely issuance of examination reports, and a considerable number of draft examination reports had not been issued. Our evaluation work revealed that the CFPB has not established standards for the timely input of data in the Supervisory Examination System and does not have a formalized policy for scheduling or tracking staff member hours on examinations.

Agency Actions: We understand that management has taken a series of actions to improve its timeliness in issuing reports and reduce the number of examination reports that have not been issued. The CFPB has drafted and circulated for comment a policy that covers the timely input of data into the Supervisory Examination System. To maximize the effectiveness of its supervisory work, the agency continues to develop and expand the Supervisory Examination System and is conducting an internal analysis to evaluate the current processes for coordinating examination staff scheduling across regions and to identify areas of potential inconsistency regarding regional staff scheduling.

Management Challenge 2: Building and Sustaining a High-Performing Workforce. In 2012, the Office of Human Capital issued its *Human Capital Strategic Plan FY2013–FY2015*, which includes the goal of attracting, engaging, and deploying a workforce to meet dynamic challenges and to provide effective oversight of the consumer financial marketplace. The CFPB faces challenges in meeting this goal due to competition for highly qualified staff with the unique skill sets needed to fulfill its mission. Further, as the agency seeks to build and sustain a high-performing workforce, it will need to strengthen workforce planning, establish appropriate training and development programs, implement an effective performance management system, and put in place a comprehensive diversity and inclusion program. In addition, the Office of Human Capital will need to continue to focus on developing an effective overall human capital infrastructure, a critical step to ensuring alignment with the CFPB's outcomes and its goals of recruiting and retaining a diverse workforce.

Agency Actions: The CFPB has identified four categories of mission-critical occupations and has begun revising its competency model framework, which will be used for career development and training, as well as for clarifying career paths across job families. Additionally, the agency has conducted a structured organizational design analysis of each division. The CFPB has developed many policies and procedures, implemented a new position management process, and created a workforce planning handbook for leadership and hiring managers. For employee development, an individual development planning process has been instituted, and the CFPB has core competency courses and new learning projects underway to enhance technical expertise for all employees. In addition, CFPB employees are provided many workplace flexibilities in an effort to promote employee engagement and productivity. The agency is collaborating with the collective bargaining unit on compensation, benefits, and a new performance management system, among other aspects of its human capital infrastructure.

Management Challenge 3: Implementing New Management Operations. The CFPB continues to establish and implement its internal management operations as it seeks to provide effective oversight of the consumer financial marketplace. Establishing appropriate internal controls—including policies and procedures that clearly define roles and responsibilities—and effectiveness measures should continue to be an area of focus for the CFPB as the organization grows and the consumer financial products and services that the agency regulates evolve. In addition, the CFPB has acquired staff members from several federal agencies as well as from the private sector, resulting in different sets of practices and expectations across the organization. Key program areas that the agency should focus on include the Civil Penalty Fund (CPF) and the Consumer Complaint Database.

Agency Actions: The CFPB has established a team within the Chief Financial Officer's organization to review, monitor, and improve internal control. The CFPB has made progress in establishing new agency operations and will continue to define division-level performance goals and measures. With respect to the CPF, the CFPB has issued a final CPF rule; implemented internal controls; contracted with third-party administrators to identify, locate, and notify victims; begun distributing payments from the CPF to victims; and established a policy that describes procedures for identifying and developing consumer education and financial literacy programs under the CPF. With respect to the Consumer Complaint Database, the agency's Office of Consumer Response developed written procedures for reviewing and editing complaint data and for the daily refresh process of the public complaint database. In addition, the CFPB has enhanced the efficiency and timeliness of the daily refresh process by fully automating the steps to update the data.

Management Challenge 4: Providing for Space Needs. The CFPB is undertaking a major capital improvement project to fully renovate its headquarters building. The headquarters renovation project is a multiyear project that involves significant resources. The CFPB plans to make workplace and energy-efficiency improvements, including upgrades to the building infrastructure, and it plans to replace aging mechanical and electrical systems that have reached the end of their life cycles. This project poses several challenges for the CFPB, including managing and mitigating risks such as potential scope changes, schedule delays, unanticipated expenses, and cost overruns. In addition to the challenges related to the renovation, space planning during and after the renovation may also pose a challenge to the CFPB. In May 2014, the CFPB began moving into swing space needed to accommodate staff members displaced by the renovation. Once the renovation is complete, not all headquarters personnel will fit into the renovated building, and additional space will still be required. To address this issue, the CFPB plans to consolidate personnel currently located in the swing space and another building into one permanent space. Any delays in the renovation schedule could affect the CFPB's planning for both the swing space and the permanent space.

Agency Actions: To help mitigate risks during the renovation, the CFPB entered into a memorandum of understanding and obligated funds on a reimbursable work agreement with the U.S. General Services Administration. The CFPB is also coordinating with the U.S. General Services Administration to perform space-planning analysis.

Management Challenge 5: Ensuring an Effective Information Security Program. The U.S. Government Accountability Office continues to include protecting the federal government's information systems and the nation's cybercritical infrastructure as a priority for federal agencies. The OIG has likewise identified information security as a major management challenge for the CFPB due to the advanced, persistent threat to government IT infrastructure. CFPB management needs to continue improving its information security program through automation, centralization, and other enhancements to ensure that federal requirements are met. The CFPB relies on a variety of contractor-operated and contractor-maintained systems to meet its mission, including several cloud computing–based systems in which computing resources may be shared with other federal or commercial entities. The agency faces challenges in ensuring that contractors implement the required information security controls. Further, when the CFPB began operations in July 2011, it relied on the IT systems, IT infrastructure, and information security program of Treasury. Since then, the CFPB has made progress in transitioning from Treasury; however, the CFPB must address management and technical challenges in its transition to ensure the implementation of a robust IT infrastructure. Finally, the CFPB must continue to ensure that sensitive information is adequately protected within the systems it owns and maintains and within those maintained on its behalf by contractors and other entities.

Agency Actions: The CFPB has finalized its information security policy, developed information security procedures and standards in several areas, and developed an information security strategy. The agency has also implemented processes that are generally consistent with federal requirements for (1) continuous monitoring, (2) incident response and reporting, (3) risk management, (4) plans of action and milestones, (5) remote access management, (6) contractor systems, and (7) security capital planning. Further, the CFPB is developing an enterprise architecture that will include security architecture to help guide agency investments in information security. The agency has implemented a change control process whereby the security impact of changes to all systems, including contractor-operated systems, is analyzed and approved. The CFPB also has begun implementing a continuous monitoring process whereby security controls for systems are assessed on an ongoing basis. The agency has developed a phased approach to transition IT services from Treasury and develop its IT infrastructure and has designated a Chief Privacy Officer, who is responsible for the agency's privacy compliance and operational activities. The CFPB has developed privacy and breach notification policies, systems of records notices, and privacy impact assessments of various systems that collect or store personal information and has implemented a number of management, operational, and technical controls to ensure that sensitive information is adequately protected.

Audits, Evaluations, and Inspections

Audits assess aspects of the economy, efficiency, and effectiveness of Board and CFPB programs and operations. For example, the OIG oversees audits of the Board's financial statements, and it conducts audits of (1) the efficiency and effectiveness of the Board's and the CFPB's processes and internal controls over their programs and operations; (2) the adequacy of controls and security measures governing these agencies' financial and management information systems and the safeguarding of assets and sensitive information; and (3) compliance with applicable laws and regulations related to agency financial, administrative, and program operations. OIG audits are performed in accordance with the *Government Auditing Standards* established by the Comptroller General of the United States.

Inspections and evaluations include program evaluations and legislatively mandated reviews of failed financial institutions supervised by the Board. Inspections are often narrowly focused on a particular issue or topic and provide time-critical analysis that cuts across functions and organizations. In contrast, evaluations are generally focused on a specific program or function and may make extensive use of statistical and quantitative analytical techniques. OIG inspections and evaluations are performed according to the *Quality Standards for Inspection and Evaluation* issued by CIGIE.

The information below summarizes OIG audit, evaluation, and inspection work completed during the reporting period and ongoing work that will continue into the next semiannual reporting period.

Board of Governors of the Federal Reserve System

Completed Project

The Board Should Enhance Its Supervisory Processes as a Result of Lessons Learned From the Federal Reserve's Supervision of JPMorgan Chase & Company's Chief Investment Office

OIG Report No. 2014-SR-B-017 **October 17, 2014**

We completed our evaluation of the Federal Reserve's supervisory activities related to the multibillion-dollar loss at JPMC's CIO. Our objectives for this evaluation were to (1) assess the effectiveness of the Board's and FRB New York's consolidated and other supervisory activities regarding JPMC's CIO and (2) identify lessons learned for enhancing future supervisory activities. In mid-July, we shared our final draft report with the agency for formal comment. We received the Board's and FRB New York's formal responses on September 29, 2014. Therefore, although we issued a summary report describing our results after the close of the semiannual reporting period, we are including this review in this semiannual report. We outline our four findings below.

First, as part of FRB New York's continuous monitoring activities at JPMC, it effectively identified risks related to the CIO's trading activities and planned two examinations of the CIO, including (1) a discovery review of the CIO's proprietary trading activities in 2008 and (2) a target examination of the CIO's governance framework, risk appetite, and risk management practices in 2010. Additionally, a Federal Reserve System team conducting a horizontal examination at JPMC recommended a full-scope examination of the CIO in 2009. However, FRB New York did not discuss the risks that resulted in the planned or recommended activities with the OCC in accordance with the expectations outlined in Supervision and Regulation Letter 08-9, *Consolidated Supervision of Bank Holding Companies and the Combined U.S. Operations of Foreign Banking Organizations*. As a result, there was a missed opportunity for FRB New York and the OCC to discuss risks related to the CIO and consider how to deploy the agencies' collective resources most effectively.

FRB New York did not conduct the planned or recommended examinations because (1) the Reserve Bank reassessed the prioritization of the initially planned activities related to the CIO due to many supervisory demands and a lack of supervisory resources; (2) weaknesses existed in controls surrounding the supervisory planning process; and (3) the 2011 reorganization of the supervisory team at JPMC resulted in a significant loss of institutional knowledge regarding the CIO. We acknowledge that FRB New York's competing supervisory priorities and limited resources contributed to the Reserve Bank not conducting these examinations. We believe that these practical limitations should have increased FRB New York's urgency to initiate conversations with the OCC concerning the purpose and rationale for the planned or recommended examinations related to the CIO. Even if FRB New York had either initiated conversations with the OCC to discuss the planned or recommended examinations in accordance with Supervision and Regulation Letter 08-9 or conducted the planned or recommended activities, we cannot predict whether completing any of those examinations would have resulted in an examination team detecting the specific control weaknesses that contributed to the CIO losses.

Second, we found that Federal Reserve and OCC staff lacked a common understanding of the Federal Reserve's approach for examining Edge Act corporations. In our opinion, this disconnect could result in gaps in supervisory coverage or duplication of efforts.

Third, we found that FRB New York staff were not clear about the expected deliverables resulting from continuous monitoring activities. Enhanced clarity concerning the expected deliverables could improve the effectiveness of this supervisory activity.

Finally, we found that FRB New York's JPMC supervisory teams appeared to exhibit key-person dependencies. In our opinion, these dependencies heightened FRB New York's vulnerability to the loss of institutional knowledge.

Our report contains 10 recommendations that encourage the Board's Division of Banking Supervision and Regulation to enhance its supervisory processes and approach to consolidated supervision for large, complex banking organizations. We received a response from the Board's Division of Banking Supervision and Regulation that describes the division's feedback on our report and refers to a separate response from FRB New York. In its response, the Division of Banking Supervision and Regulation acknowledged its appreciation for our recommendations for improving the Federal Reserve System's supervisory efforts. The Division of Banking Supervision and Regulation stated that in several instances, it has taken action or has planned activities to address issues raised in our report. In many instances, those activities appear to be responsive to our recommendations. Our report clarifies our expectations for corrective action where necessary. We will conduct future follow-up activities to determine whether the Board's actions fully address the issues raised in our report.

Opportunities Exist to Enhance the Board's Oversight of Future Complex Enforcement Actions

OIG Report No. 2014-SR-B-015 **September 30, 2014**

In February 2013, the Board and the OCC issued amended consent orders that require mortgage servicers to provide about $3.67 billion in payments to nearly 4.2 million borrowers based on possible harm and to provide other foreclosure prevention assistance. Our objectives for this evaluation were to (1) evaluate the Board's overall approach to oversight of the amended consent orders, (2) determine the effectiveness of the Board's oversight of the borrower slotting process, and (3) determine the effectiveness of the Board's oversight of the servicers' paying agent, Rust Consulting, Inc.

We found that the Board's advance preparation and planning efforts for the payment agreement with the 13 servicers that joined the agreement in January 2013 were not commensurate with the complexity associated with this unprecedented interagency effort. In addition, project management resources were not available to the Board's oversight team for this initiative. Further, we found that data integrity issues at two mortgage servicers impacted the reliability and consistency of the slotting results. The payment agreement required servicers to slot borrowers into categories of possible harm—with payment amounts set for each category—that were defined by Board and OCC staff. The approach to resolving these data integrity issues may have resulted in borrowers who experienced similar harm receiving different payment amounts. We also determined that an approach has not been selected to end the payment agreement. Despite these challenges and limitations, as of August 15, 2014, borrowers had cashed or deposited checks representing about $3.15 billion, or approximately 86 percent, of the total $3.67 billion.

We made five recommendations to improve the Board's oversight of future complex enforcement strategies. The Board generally agreed with our recommendations and noted the corrective actions that it has implemented or intends to implement.

Opportunities Exist to Enhance the Onsite Reviews of the Reserve Banks' Wholesale Financial Services

OIG Report No. 2014-FMIC-B-014 **September 30, 2014**

The Reserve Banks provide wholesale financial services to depository institutions, the U.S. government, and foreign institutions, and the Board's Division of Reserve Bank Operations and Payment Systems (RBOPS) oversees the Reserve Banks. As such, our audit assessed the extent and effectiveness of RBOPS's oversight of the Reserve Banks' wholesale financial services.

The Dodd-Frank Act broadened the Board's supervisory authority over private payment, clearing, and settlement systems designated as systemically important financial market utilities. Since the enactment of the act, RBOPS's Financial Market Infrastructure Oversight (FMI Oversight) group has worked to closely align its Reserve Banks' wholesale financial services oversight processes with those applied in the supervision of designated financial market utilities.

We did not note any deficiencies regarding the efficiency and effectiveness of the FMI Oversight group's onsite review activities for wholesale financial services. We found, however, that the FMI Oversight group does not have comprehensive formal policies and procedures that guide the execution and documentation of its onsite review of wholesale financial services. In addition, we noted that a small percentage of onsite review documentation was incomplete, and we noted a few instances in which the reviewer indicated a lack of understanding of a review step. We generally did not see indications of a second-level review of this documentation.

We made one recommendation to enhance RBOPS's oversight of the Reserve Banks' wholesale financial services. RBOPS generally concurred with our recommendation and noted it has initiated efforts to augment existing procedures and, if necessary, develop new procedures that guide its onsite reviews of wholesale financial services.

Enforcement Actions and Professional Liability Claims Against Institution-Affiliated Parties and Individuals Associated with Failed Institutions

OIG Report No. 2014-SR-B-011 **July 25, 2014**

Our office, the FDIC OIG, and the Treasury OIG participated in this evaluation concerning actions that the FDIC, the Board, and the OCC took against individuals and entities in response to actions that harmed financial institutions. The objectives of the evaluation were to (1) describe the FDIC's, the Board's, and the OCC's processes for investigating and pursuing enforcement actions against institution-affiliated parties associated with failed institutions, as well as the results of those efforts; (2) describe the FDIC's process for investigating and pursuing professional liability claims against individuals and entities associated with failed institutions and its coordination with the Board and the OCC; (3) determine the results of the FDIC's, the Board's, and the OCC's efforts in investigating and pursuing enforcement actions against institution-affiliated parties and the FDIC's efforts in pursuing professional liability claims; and (4) assess key factors that may impact the pursuit of enforcement actions and professional liability claims.

The joint evaluation team found that several factors appeared to impact the three regulators' ability to pursue enforcement actions against institution-affiliated parties. Those factors included the rigorous statutory criteria for sustaining removal/prohibition orders; the extent to which each regulator was willing to use certain enforcement action tools, such as personal cease and desist orders; the risk appetite of the FDIC, the Board, and the OCC for bringing enforcement actions; enforcement action statutes of limitation; and staff resources. The report also notes that these regulators should address differences in how they notify each other when initiating enforcement actions against institution-affiliated parties and depository institutions.

The report contains three recommendations intended to strengthen the Board's and the OCC's programs for pursuing enforcement actions, and four recommendations that apply exclusively to the FDIC. The Board was responsive to the recommendations and adequately described its planned corrective actions.

The Board Should Enhance Its Policies and Procedures Related to Conference Activities

OIG Report No. 2014-FMIC-B-009 **June 30, 2014**

We evaluated the Board's policies and procedures to determine the requirements for Board-sponsored conference activities and to assess the Board's compliance with the relevant requirements. The Board uses a decentralized process that affords each Board division autonomy for initiating and procuring conference services.

Our findings focused on document retention and adherence to policies and procedures. For the conferences we reviewed, we did not identify any issues at the Board similar to those described in the 2012 U.S. General Services Administration OIG's management deficiency report on that agency's 2010 conference held near Las Vegas. The Board's preference for using its own facilities for conferences minimizes the cost and mitigates the potential reputational risk associated with conference-related activities. Although the Board has not established an agency-wide process for planning conference-related activities, the Board does have acquisition, food and beverage expense, and records retention policies that contain requirements applicable to conference-related activities. The Board should ensure that its divisions comply with these requirements and that the scope of its policies and procedures is updated to address various aspects of conference-related activities.

Our report contains five recommendations designed to strengthen and ensure compliance with the policies and procedures that guide Board divisions engaged in planning conference activities. The Board generally concurred with our recommendations and noted that it has made or will make changes to the relevant policies and procedures.

Security Control Review of the Board's E^2 Solutions Travel Management System

OIG Report No. 2014-IT-B-012 **August 21, 2014**

FISMA requires the OIG to evaluate the effectiveness of the information security controls and techniques for a subset of the Board's information systems, including those provided or managed by another agency, a contractor, or another organization. As part of our work to fulfill this requirement, we reviewed the information system security controls for the Board's third-party E^2 Solutions Travel Management System (E2). E2 is listed on the Board's FISMA inventory as a third-party application and is classified as a moderate-risk system. E2 contains sensitive financial and personally identifiable information on Board employees and contractors. The Board's Division of Financial Management is assigned overall responsibility for ensuring that the system meets FISMA requirements.

Overall, we found that the Division of Financial Management has taken several steps to ensure that security controls for E2 are implemented in accordance with the requirements of FISMA and the *Board Information Security Program*. However, we identified improvements that are needed to ensure that security controls in the areas of risk assessment, system and services acquisition, personnel security, and audit and accountability are implemented effectively and operating as intended.

Our report includes five recommendations that focus on strengthening risk management and contractor oversight processes to ensure that controls in these areas are implemented consistently with the requirements of FISMA and the *Board Information Security Program*. The Board agreed with our recommendations and outlined actions that have been or will be taken to address them.

Ongoing Projects

Audit of the Board's Diversity and Inclusion Processes

In response to a congressional request from members of the House Committee on Financial Services, we are conducting an audit of the Board's diversity and inclusion processes. Our objective is to assess the Board's personnel operations and other efforts to provide for equal employment opportunities, including equal opportunity for minorities and women to obtain senior management positions, and for racial, ethnic, and gender diversity in the workforce. Our work will include looking at the role of the Board's Office of Minority and Women Inclusion in these areas. We plan to complete the audit during the next semiannual reporting period.

Evaluation of the Division of Banking Supervision and Regulation's Model Risk-Management Practices for Models Used in Support of the Annual Comprehensive Capital Analysis and Review

We are conducting an evaluation of the Board's Division of Banking Supervision and Regulation's model risk-management processes for the supervisory models used in support of the annual Comprehensive Capital Analysis and Review (CCAR). CCAR is an annual exercise by the Federal Reserve System to ensure that institutions have robust, forward-looking capital planning processes that account for their unique risks and also that these institutions have sufficient capital to continue operations throughout times of economic and financial stress. CCAR includes a supervisory stress test to support the Federal Reserve System's analysis of the adequacy of the firms' capital. Our review assesses the overall effectiveness of the model risk-management framework pertaining to the supervisory models, including a wide spectrum of current model risk-management practices and the related policies and procedures. The objectives of our audit are to (1) assess the extent to which the Federal Reserve System's model risk-management procedures for CCAR stress-testing supervisory models are consistent with Supervision and Regulation Letter 11-7, *Supervisory Guidance on Model Risk Management*, and (2) assess whether the model risk-management practices are consistent with internal policies and procedures.

Evaluation of the Operational Components of the Board's Law Enforcement Unit

The Law Enforcement Unit safeguards most Board-designated property and personnel 24 hours a day, 7 days a week. In the Board's 2012–2015 strategic framework, the sixth strategic theme is to establish a cost-reduction approach for Board operations that maintains an effective and efficient use of financial resources. Accordingly, the Board's Management Division, which includes the Law Enforcement Unit, identified opportunities for potential cost savings and for operational efficiency improvement. Our evaluation objective is to assess the economy and efficiency of the Law Enforcement Unit's operational components by reviewing the unit's approach to identifying cost savings and opportunities for operational efficiencies. We plan to issue the results of our evaluation during the next semiannual reporting period.

Evaluation of the Board's Corporate Services

We are conducting an evaluation of the Board's corporate services, specifically, Mail Services and Motor Transport, to identify potential efficiencies of such services. In the Board's 2012–2015 strategic framework, the sixth strategic theme is to establish a cost-reduction approach for Board operations that maintains an effective and efficient use of financial resources. Accordingly, the Board's Management Division has linked its program area objectives to the strategic framework and is working to identify opportunities for potential cost savings and to improve operational efficiencies. We expect to report the results of our evaluation during the next semiannual reporting period.

Audit of the Board's Data Center Relocation

We issued an initial draft report on an audit of the current phase of our ongoing oversight of the Board's relocation of its data center. The relocation of the data center is a multiyear project that is planned to be completed in 2015. We are monitoring the project and will issue reports at key points. Our objectives during the initial audit were to obtain information and gain an understanding of the project's scope, cost, and schedule. We issued our first report on February 7, 2014, with recommendations related to monitoring costs and schedule. As part of our current audit, we followed up on recommendations from our initial audit and are focusing on the construction and equipment procurement process to ensure that the Board is implementing physical and environmental controls. We plan to issue this report in the next semiannual reporting period.

Audit of the Board's IT Contingency Planning and Continuity of Operations Program

We issued a draft report for formal comments on our audit of the Board's IT contingency planning and continuity of operations program. The audit focused on determining whether the Board's program is consistent with federal guidelines and how the Board's contingency planning and continuity of operations program provide a coordinated strategy involving plans, procedures, and technical measures that enable the recovery of information systems, operations, and data after a disruption. We plan to issue this report during the next semiannual reporting period.

Audit of the Board's STAR Modernization Project

We are conducting an audit of the STAR Modernization Project. STAR is the central computer application used by the statistics function at the Board and the Reserve Banks to collect and edit over 75 periodic statistical reports from financial institutions. Through the STAR Modernization Project, the Board is upgrading the central computer application system hardware, software, and functionality. Our audit focuses on the adequacy and internal controls of the development process for the new system, including the cost and schedule. In addition, we are assessing how security controls are being built into the system. We plan to issue our report in the next semiannual reporting period.

Audit of the Board's Information System Security Life Cycle Process

We completed our fieldwork and briefed Board management regarding our audit of the Board's information system security life cycle process. Our audit focused on the Board's processes to meet FISMA requirements for security categorization, testing, security plans, and accreditation of its information systems. In addition, we reviewed how the Board's FISMA-related documents and reviews are compiled and maintained. We plan to issue our report during the next semiannual reporting period.

Security Control Review of the Board's C-SCAPE System

We initiated a security control review of the Board's Consolidated Supervision Comparative Analysis, Planning and Execution (C-SCAPE) system. C-SCAPE is a data input and reporting tool to support the Large Institution Supervision Coordinating Committee's reengineered supervisory processes for large banking organizations, foreign banking organizations, and financial market utilities. Our focus is to evaluate the adequacy of certain security controls designed to protect data in the system from unauthorized access, modification, destruction, or disclosure. We plan to issue our report during the next semiannual reporting period.

2014 Audit of the Board's Information Security Program

We initiated our 2014 audit of the Board's information security program. FISMA requires that each agency IG conduct an annual independent evaluation of the agency's information security program. Based on FISMA's requirements, our audit objectives are to evaluate (1) the Board's compliance with FISMA and related information security policies, procedures, standards, and guidelines and (2) the effectiveness of security controls and techniques for a subset of the Board's information systems. We plan to issue our report during the next semiannual reporting period.

Audit of the Financial Stability Oversight Council's Oversight of Interest Rate Risk

In 2014, CIGFO convened a working group to audit the Financial Stability Oversight Council's oversight of interest rate risk. As the independent oversight entity of the Board and the CFPB, the OIG is a member of CIGFO and the working group. The audit objective is to assess the extent to which the Financial Stability Oversight Council is overseeing interest rate risk to the financial system. The CIGFO working group plans to issue a report to the Financial Stability Oversight Council in April 2015.

Audit of the Board of Governors of the Federal Reserve System Financial Statements as of and for the Years Ending December 31, 2014, and 2013

We contract with an independent public accounting firm for its auditors to annually perform an integrated audit of the Board's financial statements. The auditors perform the audit in accordance with generally accepted government auditing standards and express an opinion on the Board's financial statements. In addition, as part of the integrated audit, and in accordance with the auditing standards of the Public Company Accounting Oversight Board, the auditors perform an audit of the effectiveness of internal controls over financial reporting and express an opinion on these controls. We oversee the activities of the auditors to ensure compliance with generally accepted government auditing standards and Public Company Accounting Oversight Board auditing standards related to internal controls over financial reporting.

In accordance with generally accepted government auditing standards, the auditors also will perform tests of the Board's compliance with certain provisions of laws and regulations, since noncompliance with these provisions could have a direct and material effect on the determination of the financial statement amounts, and will issue a compliance report. The independent auditors' reports will be issued in the next semiannual reporting period.

Audit of the Federal Financial Institutions Examination Council Financial Statements as of and for the Years Ending December 31, 2014, and 2013

The Board performs the accounting function for the FFIEC, and we contract with an independent public accounting firm for its auditors to annually audit the FFIEC's financial statements. The auditors perform the audit in accordance with generally accepted government auditing standards and express an opinion on the FFIEC's financial statements. We oversee the activities of the auditors to ensure compliance with generally accepted government auditing standards.

In accordance with generally accepted government auditing standards, the auditors also will consider the FFIEC's internal controls over financial reporting and will perform tests of the FFIEC's compliance with certain provisions of laws and regulations, since noncompliance with these provisions could have a direct and material effect on the determination of the financial statement amounts, and will issue a report on internal control and compliance. The independent auditors' reports will be issued in the next semiannual reporting period.

Table 1: Audit, Inspection, and Evaluation Reports Issued to the Board During the Reporting Period

Title	Type of report
Opportunities Exist to Enhance the Board's Oversight of Future Complex Enforcement Actions	Evaluation
Opportunities Exist to Enhance the Onsite Reviews of the Reserve Banks' Wholesale Financial Services	Audit
Security Control Review of the Board's E[2] Solutions Travel Management System	Audit
Enforcement Actions and Professional Liability Claims Against Institution-Affiliated Parties and Individuals Associated with Failed Institutions	Evaluation
The Board Should Enhance Its Policies and Procedures Related to Conference Activities	Evaluation

Total number of audit reports: 2
Total number of inspection and evaluation reports: 3

Table 2: Audit, Inspection, and Evaluation Reports Issued to the Board With Questioned Costs During the Reporting Period[a]

Report	Number	Dollar value
For which no management decision had been made by the commencement of the reporting period	0	$0
That were issued during the reporting period	0	$0
For which a management decision was made during the reporting period	0	$0
(i) dollar value of recommendations that were agreed to by management	0	$0
(ii) dollar value of recommendations that were not agreed to by management	0	$0
For which no management decision had been made by the end of the reporting period	0	$0
For which no management decision was made within six months of issuance	0	$0

a. Because the Board is primarily a regulatory and policymaking agency, our recommendations typically focus on program effectiveness and efficiency, as well as strengthening internal controls. As such, the monetary benefit associated with their implementation typically is not readily quantifiable.

Table 3: Audit, Inspection, and Evaluation Reports Issued to the Board With Recommendations That Funds Be Put to Better Use During the Reporting Period[a]

Report	Number	Dollar value
For which no management decision had been made by the commencement of the reporting period	0	$0
That were issued during the reporting period	0	$0
For which a management decision was made during the reporting period	0	$0
(i) dollar value of recommendations that were agreed to by management	0	$0
(ii) dollar value of recommendations that were not agreed to by management	0	$0
For which no management decision had been made by the end of the reporting period	0	$0
For which no management decision was made within six months of issuance	0	$0

a. Because the Board is primarily a regulatory and policymaking agency, our recommendations typically focus on program effectiveness and efficiency, as well as strengthening internal controls. As such, the monetary benefit associated with their implementation typically is not readily quantifiable.

Table 4: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period[a]

		Recommendations			Status of recommendations		
Report title	Issue date	No.	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Evaluation of Service Credit Computations	08/05	3	3	–	09/13	2	1
Evaluation of Data Flows for Board Employee Data Received by Office of Employee Benefits and Its Contractors (nonpublic report)	09/08	2	2	–	02/14	1	1

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

b. This recommendation was directed jointly to the OCC, the FDIC, and the Board.

Table 4: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations			Status of recommendations		
		No.	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Security Control Review of the Internet Electronic Submission System (nonpublic report)	12/10	6	6	–	03/13	3	3
Response to a Congressional Request Regarding the Economic Analysis Associated with Specified Rulemakings	06/11	2	2	–	09/14	–	2
Review of the Failure of Pierce Commercial Bank	09/11	2	2	–	09/14	1	1
Security Control Review of the Visitor Registration System (nonpublic report)	09/11	10	10	–	07/13	4	6
Evaluation of Prompt Regulatory Action Implementation	09/11	1[b]	1	–	–	–	1
Audit of the Board's Information Security Program	11/11	1	1	–	11/13	–	1
Review of RBOPS' Oversight of the Next Generation $100 Note	01/12	2	2	–	09/14	2	–
Security Control Review of the National Remote Access Services System (nonpublic report)	03/12	8	8	–	09/13	7	1
Material Loss Review of the Bank of the Commonwealth	04/12	4	4	–	09/14	4	–
Security Control Review of the Board's Public Website (nonpublic report)	04/12	12	12	–	–	–	12
Review of the Unauthorized Disclosure of a Confidential Staff Draft of the Volcker Rule Notice of Proposed Rulemaking	07/12	3	3	–	09/14	–	3

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

b. This recommendation was directed jointly to the OCC, the FDIC, and the Board.

Table 4: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations: No.	Recommendations: Mgmt. agrees	Recommendations: Mgmt. disagrees	Status of recommendations: Last follow-up date	Status of recommendations: Closed	Status of recommendations: Open
Security Control Review of the Federal Reserve Bank of Richmond's Lotus Notes Systems Supporting the Board's Division of Banking Supervision and Regulation (nonpublic report)	08/12	9	9	–	–	–	9
Audit of the Small Community Bank Examination Process	08/12	1	1	–	–	–	1
Audit of the Board's Actions to Analyze Mortgage Foreclosure Processing Risks	09/12	2	2	–	09/14	1	1
Security Control Review of the Aon Hewitt Employee Benefits System (nonpublic report)	09/12	8	8	–	–	–	8
2012 Audit of the Board's Information Security Program	11/12	2	2	–	11/13	–	2
Security Control Review of Contingency Planning Controls for the Information Technology General Support System (nonpublic report)	12/12	5	5	–	–	–	5
Review of the Failure of Bank of Whitman	03/13	1	1	–	09/14	–	1
Controls over the Board's Purchase Card Program Can Be Strengthened	03/13	3	3	–	09/14	2	1
Board Should Enhance Compliance with Small Entity Compliance Guide Requirements Contained in the Small Business Regulatory Enforcement Fairness Act of 1996	07/13	2	2	–	–	–	2

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

b. This recommendation was directed jointly to the OCC, the FDIC, and the Board.

Table 4: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations			Status of recommendations		
		No.	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Security Control Review of the Board's National Examination Database System (nonpublic report)	07/13	4	4	–	–	–	4
Security Control Review of a Third-party Commercial Data Exchange Service Used by the Board's Division of Banking Supervision and Regulation (nonpublic report)	08/13	11	11	–	–	–	11
Board Should Strengthen Controls over the Handling of the Federal Open Market Committee Meeting Minutes	08/13	4	4	–	09/14	4	–
The Board Can Benefit from Implementing an Agency-Wide Process for Maintaining and Monitoring Administrative Internal Control	09/13	1	1	–	–	–	1
The Board Should Improve Procedures for Preparing for and Responding to Emergency Events	09/13	7	7	–	09/14	1	6
2013 Audit of the Board's Information Security Program	11/13	2	2	–	–	–	2
Audit of the Board's Data Center Relocation	02/14	2	2	–	–	–	2
Opportunities Exist to Achieve Operational Efficiencies in the Board's Management of Information Technology Services	02/14	2	2	–	–	–	2

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

b. This recommendation was directed jointly to the OCC, the FDIC, and the Board.

Table 4: OIG Reports to the Board With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations: No.	Recommendations: Mgmt. agrees	Recommendations: Mgmt. disagrees	Status of recommendations: Last follow-up date	Status of recommendations: Closed	Status of recommendations: Open
The Board's Law Enforcement Unit Could Benefit From Enhanced Oversight and Controls to Ensure Compliance With Applicable Regulations and Policies	03/14	10	10	–	09/14	3	7
Opportunities Exist for the Board to Improve Recordkeeping, Cost Estimation, and Cost Management Processes for the Martin Building Construction and Renovation Project	03/14	6	6	–	09/14	3	3
The Board Should Enhance Its Policies and Procedures Related to Conference Activities	06/14	5	5	–	–	–	5
Enforcement Actions and Professional Liability Claims Against Institution-Affiliated Parties and Individuals Associated with Failed Institutions	07/14	3	3	–	–	–	3
Security Control Review of the Board's E^2 Solutions Travel Management System	08/14	5	5	–	–	–	5
Opportunities Exist to Enhance the Onsite Reviews of the Reserve Banks' Wholesale Financial Services	09/14	1	1	–	–	–	1
Opportunities Exist to Enhance the Board's Oversight of Future Complex Enforcement Actions	09/14	5	5	–	–	–	5

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

b. This recommendation was directed jointly to the OCC, the FDIC, and the Board.

Consumer Financial Protection Bureau

Completed Projects

Response to the January 29, 2014, Congressional Request Regarding the CFPB's Headquarters Renovation Project

June 30, 2014

In a letter dated January 29, 2014, the Chairman of the Subcommittee on Oversight and Investigations of the House Committee on Financial Services expressed concern about the renovation budget for the CFPB's headquarters, stating that it had increased from $55 million to more than $95 million and that the CFPB later published year-to-date expenses for building improvements of $150.8 million. To address the Chairman's concerns, we evaluated, with respect to the CFPB's headquarters renovation project, (1) the budgeting and approval process, (2) the scope and justification for estimates, and (3) the use of competitive procedures.

We found that the CFPB has formalized policies for budgeting and funding, as well as for approving major investments prior to obligating funds. However, we noted that the approval of funding for the renovation was not in accordance with the CFPB's policies for major investments. We also found that the figures associated with the renovation had significantly different scopes. The $55 million figure represented 1 year of costs from a 10-year renovation plan, and the $95 million internally developed estimate did not include certain contingencies and fees; these figures were used as estimates for budget purposes. The $150.8 million figure was based on a construction cost estimate developed specifically for this renovation. Lastly, we identified three major contracting efforts associated with the CFPB headquarters building renovation: an architecture/engineering contract awarded by the CFPB, and a construction contract and a construction management contract that are in the process of being awarded by the U.S. General Services Administration. We determined that competitive procedures were used in awarding the architecture/engineering design contract and that the U.S. General Services Administration is using competitive procedures to award the construction and construction management contracts.

Audit of the CFPB's Acquisition and Contract Management of Select Cloud Computing Services

OIG Report No. 2014-IT-C-016 **September 30, 2014**

In January 2014, CIGIE spearheaded a governmentwide review of select agencies' efforts to adopt cloud computing technologies. In support of this initiative, our objective was to review the CFPB's acquisition and contract management for two of the CFPB's seven cloud service providers to determine whether requirements for security, service levels, and access to records were planned for, defined in contracts, and being monitored.

Overall, we found that (1) the CFPB's contracts for cloud computing services included roles and responsibilities, information security requirements, and service-level expectations; (2) the CFPB has established a process to monitor both contractual and service-level requirements for its cloud service providers; and (3) the agency collects and maintains nondisclosure agreements from contractor personnel to protect sensitive information. However, we identified opportunities for improvement in the procurement and use of cloud services, such as performing alternatives analysis and cost analysis and including clauses that provide the access needed for electronic discovery and performance of criminal and noncriminal investigations. We also found that one of the contracts we reviewed did not (1) include a clause granting the OIG the right to examine agency records or (2) detail specific penalties or remedies for noncompliance with contract terms and service levels.

Our report contains four recommendations to assist the CFPB's Chief Information Officer in strengthening processes for the acquisition and contract management of cloud services. The Chief Information Officer concurred with our recommendations and outlined actions that have been taken or will be implemented to address them.

The CFPB Has Established Effective GPRA Processes, but Opportunities Exist for Further Enhancement

OIG Report No. 2014-MO-C-008 **June 30, 2014**

We conducted this audit to assess (1) the effectiveness of the CFPB's processes that address GPRA and (2) the CFPB's compliance with applicable sections of GPRA. GPRA requires that most executive agencies produce strategic plans every four years and publish annual agency performance plans. The CFPB has determined that it is generally subject to the requirements of GPRA, except for those provisions of GPRA that require agencies to follow guidance issued by the Office of Management and Budget or to submit to the Office of Management and Budget's jurisdiction or oversight.

We found that the CFPB has developed effective strategic and performance planning processes. The CFPB expanded these processes beyond GPRA requirements by developing division-level strategic plans with division-level performance goals and performance measures and implementing a quarterly performance review process. We found that the CFPB fully satisfied 22 of 28 applicable GPRA requirements and that opportunities exist for the CFPB to further enhance its GPRA processes.

Our report contains three recommendations designed to ensure full GPRA compliance and to assist the CFPB in building on its current success in establishing GPRA processes. Management identified actions that have been or will be taken to address our recommendations.

The CFPB Complies With Section 1100G of the Dodd-Frank Act, but Opportunities Exist for the CFPB to Enhance Its Process

OIG Report No. 2014-SR-C-013 **September 29, 2014**

We conducted this evaluation to assess the CFPB's compliance with section 1100G of the Dodd-Frank Act. The Regulatory Flexibility Act, as amended, requires federal agencies to analyze the impact of their regulatory actions on small entities. Section 1100G of the Dodd-Frank Act amended some of the provisions of the Regulatory Flexibility Act, requiring the CFPB to assess the impact of any proposed rule on the cost of credit for small business entities and convene panels to seek direct input from small business entities prior to issuing certain rules. The CFPB created two interim policy and procedures documents that outline the agency's process to comply with these requirements.

Overall, we found that the CFPB complied with the provisions of section 1100G of the Dodd-Frank Act as well as the agency's two interim policies and procedures. We found, however, that the interim policies and procedures have been in use for approximately two years without being updated or finalized. We also found that the interim policies and procedures afforded teams significant discretion in their 1100G rulemaking approach to regulatory analysis, which contributed to a variance in documentation and inconsistent knowledge transfer practices. Finally, we found that the CFPB's Division of Research, Markets, and Regulation uses an inconsistent approach to storing supporting documentation related to 1100G rulemakings. After the close of our fieldwork, we were informed by CFPB officials that the division had finalized and reissued the two policy and procedures documents.

Our recommendations include that the CFPB establish a standard approach to manage electronic 1100G rulemaking supporting documents and ensure that the standard approach complies with CFPB and other applicable provisions. The CFPB concurred with our recommendations and outlined actions that have been or will be taken to address them.

Security Control Review of the CFPB's Cloud Computing–Based General Support System

OIG Report No. 2014-IT-C-010 **July 17, 2014**

FISMA requires the OIG to evaluate the effectiveness of the information security controls and techniques for a subset of the agency's information systems, including those provided or managed by another agency, a contractor, or another organization. To meet FISMA requirements, we reviewed the information system security controls for the CFPB's cloud computing–based general support system.

The CFPB has invested in a cloud computing–based general support system that provides the IT infrastructure to support the agency's applications and common enterprise services, such as e-mail, instant messaging, and file storage. The general support system is jointly managed and operated by the CFPB and a third party, and it is classified as a moderate-risk system.

Overall, we found that the CFPB has taken a number of steps to secure its cloud computing–based general support system in accordance with FISMA requirements. However, we found that improvements are needed to ensure that FISMA processes and controls are effective and consistently implemented across all information security areas for the general support system.

Our report includes recommendations to strengthen security controls for the general support system in four information security areas: system and information integrity, configuration management, contingency planning, and incident response. The CFPB's Chief Information Officer concurred with our recommendations and outlined actions that have been or will be taken to address them.

Ongoing Projects

Audit of the CFPB's Diversity and Inclusion Processes

In response to a congressional request from members of the House Committee on Financial Services, we are conducting an audit of the CFPB's diversity and inclusion processes. Our objective is to assess the CFPB's personnel operations and other efforts to provide for equal employment opportunities, including equal opportunity for minorities and women to obtain senior management positions, and for racial, ethnic, and gender diversity in the workforce. Our work will include looking at the role of the CFPB's Office of Minority and Women Inclusion in these areas. We plan to complete the audit during the next semiannual reporting period.

Joint Evaluation of Coordination Between the CFPB and Other Regulatory Agencies

In 2014, our office, the FDIC OIG, the National Credit Union Administration OIG, and the Treasury OIG initiated a joint evaluation of the coordination between the CFPB and other regulatory agencies with respect to conducting supervisory activities. The Dodd-Frank Act requires the CFPB to coordinate its supervisory activities with the federal prudential regulatory agencies and state financial regulatory authorities. The objective of this evaluation is to confirm that the required coordination is occurring and has been effective in avoiding conflicts or duplication of efforts, in particular for financial institutions with less than $10 billion in assets. Fieldwork is ongoing, and we expect to issue a product during the next semiannual reporting period.

Audit of the CFPB's Headquarters Renovation Costs

We initiated an audit to evaluate the reasonableness of the overall estimated and proposed costs for the CFPB's headquarters renovation. This audit is a follow-on to the work we previously completed in response to a congressional request regarding the CFPB's headquarters renovation budget. Our audit will assess the effectiveness of the CFPB's processes and controls for approving, managing, and documenting headquarters renovation costs and project decisions. We are currently conducting fieldwork and expect to complete this audit and issue our report in the next semiannual reporting period.

Risk Assessment of the CFPB's Government Charge Card Programs

The Government Charge Card Abuse Prevention Act of 2012 requires each agency that issues and uses purchase and travel cards to establish and maintain safeguards and internal controls to ensure the proper, efficient, and effective use of government charge cards. The act directs the IG of each executive agency to conduct periodic risk assessments of the agency's purchase card program and periodic audits or reviews of the agency's travel card program to identify illegal, improper, or erroneous purchases and payments. The OIG has initiated risk assessments of the CFPB's travel and purchase card programs to determine the frequency and scope of future OIG audits of the programs.

Evaluation of the CFPB's Hiring Process

The objective of this evaluation is to assess the efficiency and effectiveness of certain CFPB recruitment and selection subprocesses. We also are assessing the agency's compliance with certain laws, applicable regulations, and policies and its administration of recruitment and selection incentives to recruit new employees. We plan to issue the results of our evaluation of the CFPB's hiring process during the next semiannual reporting period.

Audit of the CFPB's Public Consumer Complaint Database

While the CFPB's public Consumer Complaint Database initially contained only individual-level consumer credit card complaints, it has since been expanded to include individual-level consumer complaints about other consumer financial products and services regulated by the CFPB, such as mortgages and credit reporting. Our audit objective is to assess the effectiveness of the CFPB's controls over the accuracy and completeness of the public complaint database. We plan to issue our report during the next semiannual reporting period.

Audit of the CFPB's Contract Management Process

We continued our audit of the CFPB's contract management process. The objective of this audit is to determine compliance with applicable laws, regulations, and CFPB policies and procedures, as well as the effectiveness of the CFPB's internal controls related to contract management. We plan to issue our report during the next semiannual reporting period.

Audit of the CFPB's Space-Planning Activities

We continued our audit of the CFPB's short-term and long-term space-planning activities to determine whether controls are in place to effectively manage the agency's space needs and associated costs. Our audit is focused on the CFPB's processes for planning, obtaining, and managing space for both its headquarters and regional offices, including how the agency manages its transition to new office space. We are currently conducting fieldwork and expect to complete this audit and issue our report in the next semiannual reporting period.

Audit of the CFPB's Distribution of Funds From the Civil Penalty Fund

We initiated an audit of the CFPB's distribution of funds from the CPF. As of June 30, 2014, the CFPB has collected and deposited approximately $143 million in civil penalties into the CPF. The agency has also allocated $31 million to compensate victims in six cases and has distributed approximately $1 million to victims in two of those cases. Our audit will assess the process for identifying victims and determining victim compensation. We expect to complete this audit and issue our report during the next semiannual reporting period.

Audit of the CFPB's Tableau System

We initiated a security control review of the CFPB's Tableau System. Tableau is an application used to develop, publish, and view business intelligence data. Our focus is to review the adequacy of certain security controls designed to protect data in the system from unauthorized access, modification, destruction, or disclosure. We plan to issue our report during the next semiannual reporting period.

2014 Audit of the CFPB's Information Security Program

We initiated our 2014 audit of the CFPB's information security program. FISMA requires that each agency IG conduct an annual independent evaluation of the agency's information security program. Based on FISMA's requirements, our audit objectives are to evaluate (1) the CFPB's compliance with FISMA and related information security policies, procedures, standards, and guidelines and (2) the effectiveness of security controls and techniques for a subset of the CFPB's information systems. We plan to issue our report during the next semiannual reporting period.

Security Control Review of the CFPB's DT Complaints Database

We initiated a security control review of the CFPB's DT Complaints Database. The DT Complaints Database supports the CFPB's public Consumer Complaint Database. Our focus is to evaluate the adequacy of certain control techniques designed to protect data in the system from unauthorized access, modification, destruction, or disclosure. We plan to issue our report during the next semiannual reporting period.

Table 5: Audit, Inspection, and Evaluation Reports Issued to the CFPB During the Reporting Period

Title	Type of report
Audit of the CFPB's Acquisition and Contract Management of Select Cloud Computing Services	Audit
The CFPB Complies With Section 1100G of the Dodd-Frank Act, but Opportunities Exist for the CFPB to Enhance Its Process	Evaluation
Security Control Review of the CFPB's Cloud Computing–Based General Support System	Audit
Response to the January 29, 2014, Congressional Request Regarding the CFPB's Headquarters Renovation Project	Letter to requestor
The CFPB Has Established Effective GPRA Processes, but Opportunities Exist for Further Enhancement	Audit

Total number of audit reports: 3
Total number of inspection and evaluation reports: 1
Total number of letters to requestor: 1

Table 6: Audit, Inspection, and Evaluation Reports Issued to the CFPB With Questioned Costs During the Reporting Period[a]

Reports	Number	Dollar value
For which no management decision had been made by the commencement of the reporting period	0	$0
That were issued during the reporting period	0	$0
For which a management decision was made during the reporting period	0	$0
(i) dollar value of recommendations that were agreed to by management	0	$0
(ii) dollar value of recommendations that were not agreed to by management	0	$0
For which no management decision had been made by the end of the reporting period	0	$0
For which no management decision was made within six months of issuance	0	$0

a. Because the CFPB is primarily a regulatory and policymaking agency, our recommendations typically focus on program effectiveness and efficiency, as well as strengthening internal controls. As such, the monetary benefit associated with their implementation typically is not readily quantifiable.

Table 7: Audit, Inspection, and Evaluation Reports Issued to the CFPB With Recommendations That Funds Be Put to Better Use During the Reporting Period[a]

Reports	Number	Dollar value
For which no management decision had been made by the commencement of the reporting period	0	$0
That were issued during the reporting period	0	$0
For which a management decision was made during the reporting period	0	$0
(i) dollar value of recommendations that were agreed to by management	0	$0
(ii) dollar value of recommendations that were not agreed to by management	0	$0
For which no management decision had been made by the end of the reporting period	0	$0
For which no management decision was made within six months of issuance	0	$0

a. Because the CFPB is primarily a regulatory and policymaking agency, our recommendations typically focus on program effectiveness and efficiency, as well as strengthening internal controls. As such, the monetary benefit associated with their implementation typically is not readily quantifiable.

Table 8: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period[a]

		Recommendations			Status of recommendations		
Report title	Issue date	No.	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit	09/12	5	5	–	08/13	3	2
Security Control Review of the Consumer Financial Protection Bureau's Consumer Response System (nonpublic report)	03/13	9	9	–	03/14	8	1

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

Table 8: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations			Status of recommendations		
		No.	Mgmt. agrees	Mgmt. disagrees	Last follow-up date	Closed	Open
CFPB Contract Solicitation and Selection Processes Facilitate FAR Compliance, but Opportunities Exist to Strengthen Internal Controls	03/13	3	3	–	09/14	3	–
Opportunities Exist to Enhance the CFPB's Policies, Procedures, and Monitoring Activities for Conferences	08/13	4	4	–	–	–	4
The CFPB Should Strengthen Internal Controls for Its Government Travel Card Program to Ensure Program Integrity	09/13	14	14	–	09/14	5	9
2013 Audit of the CFPB's Information Security Program	12/13	4	4	–	–	–	4
The CFPB Should Reassess Its Approach to Integrating Enforcement Attorneys Into Examinations and Enhance Associated Safeguards	12/13	7	7	–	09/14	3	4
Audit of the CFPB's Civil Penalty Fund	01/14	1	1	–	09/14	1	–
The CFPB Can Improve the Efficiency and Effectiveness of Its Supervisory Activities	03/14	12	12	–	–	–	12
The CFPB Has Established Effective GPRA Processes, but Opportunities Exist for Further Enhancement	06/14	3	3	–	–	–	3
Security Control Review of the CFPB's Cloud Computing–Based General Support System	07/14	4	4	–	–	–	4

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

Table 8: OIG Reports to the CFPB With Recommendations That Were Open During the Reporting Period[a] (continued)

Report title	Issue date	Recommendations: No.	Recommendations: Mgmt. agrees	Recommendations: Mgmt. disagrees	Status of recommendations: Last follow-up date	Status of recommendations: Closed	Status of recommendations: Open
The CFPB Complies With Section 1100G of the Dodd-Frank Act, but Opportunities Exist for the CFPB to Enhance Its Process	09/14	3	3	–	–	–	3
Audit of the CFPB's Acquisition and Contract Management of Select Cloud Computing Services	09/14	4	4	–	–	–	4

a. A recommendation is closed if (1) the corrective action has been taken; (2) the recommendation is no longer applicable; or (3) the appropriate oversight committee or administrator has determined, after reviewing the position of the OIG and division management, that no further action by the agency is warranted. A recommendation is open if (1) division management agrees with the recommendation and is in the process of taking corrective action or (2) division management disagrees with the recommendation and we have referred or are referring it to the appropriate oversight committee or administrator for a final decision.

Failed State Member Bank Reviews

Material Loss Reviews

Section 38(k) of the Federal Deposit Insurance Act, as amended, requires that the IG of the appropriate federal banking agency complete a review of the agency's supervision of a failed institution and issue a report within six months of notification from the FDIC OIG that the projected loss to the DIF is material. Under section 38(k), a material loss to the DIF is defined as an estimated loss in excess of $150 million for the period January 1, 2012, through December 31, 2013; for all such losses occurring on or after January 1, 2014, the materiality threshold is $50 million.

The material loss review provisions of section 38(k) require that the IG do the following:

- review the institution's supervision, including the agency's implementation of prompt corrective action
- ascertain why the institution's problems resulted in a material loss to the DIF
- make recommendations for preventing any such loss in the future

We did not conduct any material loss reviews during this reporting period.

Nonmaterial Loss Reviews

The Federal Deposit Insurance Act, as amended by the Dodd-Frank Act, requires the IG of the appropriate federal banking agency to report, on a semiannual basis, certain information on financial institutions that incurred nonmaterial losses to the DIF and that failed during the respective six-month period.

When bank failures result in nonmaterial losses to the DIF, the IG is required to determine (1) the grounds identified by the federal banking agency or the state bank supervisor for appointing the FDIC as receiver and (2) whether the losses to the DIF present unusual circumstances that would warrant an in-depth review. Generally, the in-depth review process is the same as that for material loss reviews, but in-depth reviews are not subject to the six-month reporting deadline.

The IG must semiannually report the dates when each such review and report will be completed. If an in-depth review is not warranted, the IG is required to provide an explanation of this determination. In general, we consider a loss to the DIF to present unusual circumstances if the conditions associated with the bank's deterioration, ultimate closure, and supervision were not addressed in any of our prior bank failure reports or involved potentially fraudulent activity.

During this reporting period, we continued our in-depth review of the failure of Waccamaw Bank (described below). There were no nonmaterial state member bank failures during this reporting period.

In-Depth Review of the Failure of Waccamaw Bank

On June 8, 2012, the North Carolina Office of the Commissioner of Banks closed Waccamaw Bank and appointed the FDIC as receiver. According to the FDIC's press release, as of March 31, 2012, Waccamaw Bank had approximately $533.1 million in total assets and $472.7 million in total deposits. On June 8, 2012, the FDIC estimated that the cost to the DIF from Waccamaw Bank's closure will be $51.1 million, which did not meet the materiality threshold as defined under section 38(k) of the Federal Deposit Insurance Act, as amended.

Based on the results of our failed bank review, we determined that the failure of Waccamaw Bank was due to circumstances that have been covered in past OIG reports. However, the failed bank review also identified three unusual circumstances that warranted an in-depth review of Waccamaw Bank: (1) Waccamaw Bank appeared to have misinformed regulators about key aspects of an asset swap transaction that significantly changed its risk profile and financial condition; (2) Waccamaw Bank initiated a series of appeals related to the examiners' recommended regulatory capital treatment of a transaction, which ultimately reached the highest level of appellate review by a Board Governor; and (3) there were unique circumstances surrounding the retirement of Waccamaw Bank's former President and Chief Executive Officer. As a result, we initiated an in-depth review. We plan to issue our report during the next semiannual reporting period.

Investigations

The OIG's Office of Investigations conducts criminal, civil, and administrative investigations related to Board and CFPB programs and operations. The OIG operates under statutory law enforcement authority granted by the U.S. Attorney General, which vests our Special Agents with the authority to carry firearms, seek and execute search and arrest warrants, and make arrests without a warrant in certain circumstances. OIG investigations are conducted in compliance with CIGIE's *Quality Standards for Investigations* and the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority*.

State Member Banks

The Board is responsible for supervising and regulating state-chartered banks that are members of the Federal Reserve System. Under delegated authority from the Board, the Reserve Banks execute the day-to-day supervision of state member banks, and the Board's Division of Banking Supervision and Regulation is responsible for overseeing the Reserve Banks' supervisory activities. Our office's investigations concerning state member banks typically involve allegations that bank officers have falsified financial records, lied to or misled examiners, or obstructed examinations in a manner that may have affected the Board's ability to carry out its supervisory and regulatory responsibility over state member banks. Such activity may result in criminal violations, such as false statements or obstruction of a bank examination.

Our office's investigative efforts in such cases typically consist of interviewing witnesses and subjects; identifying and obtaining critical Board documents; issuing subpoenas; analyzing financial records; and coordinating work between the U.S. Department of Justice, other law enforcement partners, and Board and Reserve Bank staff. Examples of investigations affecting the Board's ability to carry out its supervisory and regulatory responsibilities over state member banks are provided below; however, due to prosecutorial discretion and the nature of the investigative process, certain criminal allegations investigated by our office may not appear in U.S. Department of Justice indictments or plea agreements.

Former Vice President of Fifth Third Bank Sentenced in Scheme to Defraud

On August 26, 2014, a former Vice President of Fifth Third Bank in Jacksonville, Florida, was sentenced to five years in prison for embezzling at least $10.5 million from Fifth Third Bank over a four-year period. He also must pay $2 million in restitution to the bank after he is released. The former Vice President pleaded guilty in March 2014 to bank fraud. Fifth Third Bank, headquartered in Cincinnati, Ohio, is a state member bank regulated by the Board.

The former Vice President operated a bank-fraud scheme that included stealing at least $10.5 million from one corporate account and transferring money from two individual accounts to cover the original thefts. The embezzlement occurred over a three-and-a-half-year period.

This case was the result of a joint investigation by the Board-CFPB OIG, the Federal Bureau of Investigation (FBI), and Fifth Third Bank's Protection Division. The case was prosecuted by the U.S. Attorney's Office for the Middle District of Florida.

Bank Holding Companies

The Board is responsible for supervising and regulating bank holding companies, including financial holding companies formed under the Gramm-Leach-Bliley Act, on a consolidated basis. Under delegated authority from the Board, the Reserve Banks execute the day-to-day supervision of bank and financial holding companies, and the Board's Division of Banking Supervision and Regulation is responsible for overseeing the Reserve Banks' supervisory activities. Our office's investigations concerning bank holding companies typically involve allegations that holding company directors or officers falsified financial records, lied to or misled examiners, or obstructed examinations in a manner that may have affected the Board's ability to carry out its supervisory and regulatory responsibilities over bank holding companies. Such activity may result in criminal violations, such as false statements or obstruction of a bank examination.

Our office's investigative efforts in such cases typically consist of interviewing witnesses and subjects; identifying and obtaining critical Board documents; issuing subpoenas; analyzing financial records; and coordinating work between the U.S. Department of Justice, other law enforcement partners, and Board and Reserve Bank staff. Examples of investigations affecting the Board's ability to carry out its supervisory and regulatory responsibilities over bank holding companies are provided below; however, due to prosecutorial discretion and the nature of the investigative process, certain criminal allegations investigated by our office may not appear in U.S. Department of Justice indictments or plea agreements.

Bankers and Attorney Sentenced to Prison for Fraud, False Statements, and Making a False Claim Against the United States

On August 22, 2014, two former Coastal Community Investments (Coastal) officers and the bank's attorney were sentenced to federal prison due to their conviction on charges that included conspiracy to commit wire fraud, wire fraud, making false statements, and filing false claims against a federal bank regulator. Coastal was a bank holding company regulated by the Board. It owned Coastal Community Bank, based in Panama City Beach, Florida, and Bayside Savings Bank, based in Port St. Joe, Florida. Coastal Community Bank and Bayside Savings Bank both failed on July 30, 2010. The two former Coastal officers and the bank's attorney received the following sentences:

- The Chairman and Chief Executive Officer of Coastal was convicted at trial of conspiracy, seven counts of wire fraud, three counts of making false statements to a federal bank regulator, and one count of filing a false claim with a federal bank regulator. The bank official was sentenced to 48 months' imprisonment.
- The Chief Financial Officer of Coastal was convicted at trial of seven counts of wire fraud, three counts of making false statements to a federal bank regulator, and one count of filing

a false claim with a federal bank regulator. The Chief Financial Officer was sentenced to 36 months' imprisonment.

- The attorney for Coastal was convicted at trial of conspiracy, four counts of wire fraud, one count of making false statements to a federal bank regulator, and one count of filing a false claim with a federal bank regulator. The attorney was sentenced to 48 months' imprisonment.

All three defendants were also sentenced by the court to serve a period of three years of supervised release following their imprisonment and ordered to pay $4,538,399 jointly and severally in restitution.

This case was investigated by the Board-CFPB OIG, the FBI, the FDIC, and the Special Inspector General for the Troubled Asset Relief Program. The case was prosecuted by the U.S. Attorney's Office for the Northern District of Florida.

Former Senior Vice President Indicted on Bank Fraud Charges

On April 2, 2014, a former Senior Vice President at One Bank and Trust, in Little Rock, Arkansas, was indicted with one count of conspiracy to commit bank fraud, misapplication of bank monies, making false entries to deceive federal bank regulators, obstructing a bank examination, and money laundering. The indictment also seeks forfeiture of the monies involved.

The indictment charges that the former Senior Vice President conspired with other persons to make false loans for the purpose of hiding the bank's loss of a $1.5 million bad loan made in April 2007. The bad loan became uncollectible in 2008, and beginning in 2009, the former Senior Vice President and others hid the loss from the federal examiners by making loans to entities that he created or controlled. The new loans made by the former Senior Vice President masked the true condition of One Bank and Trust from the federal examiners.

The former Senior Vice President faces a possible sentence of not more than five years' imprisonment, not more than a $250,000 fine, or not more than three years of supervised release for the conspiracy charge.

According to records from Treasury's Troubled Asset Relief Program, One Financial Corporation, the bank holding company for One Bank and Trust of Little Rock, Arkansas, received $17.3 million in federal taxpayer funds through the Troubled Asset Relief Program in June 2009. To date, these funds are still outstanding.

The case was investigated by the Board-CFPB OIG, the Internal Revenue Service—Criminal Investigation Division, the FBI, the Special Inspector General for the Troubled Asset Relief Program, and the FDIC OIG. The case was prosecuted by U.S. Attorney's Office for the Eastern District of Arkansas.

Former Bank Director Pleaded Guilty to Bank, Wire, and Securities Fraud

On June 5, 2014, a former Bank Director pleaded guilty to bank, securities, and wire fraud to resolve charges brought in the Southern District of Georgia and the Eastern District of New York relating to a multimillion-dollar fraud scheme that the individual executed to defraud dozens of investors and a federally insured bank. The former Bank Director faces up to 30 years in prison, millions of dollars in fines, and millions of dollars in restitution to the victims of his fraud.

According to court filings and evidence presented at the guilty plea hearing, in 2010 an investment group controlled by the former Bank Director invested approximately $10 million in the failing MB&T, an FDIC-insured financial institution in Ailey, Georgia. MB&T is a subsidiary of Montgomery County Bankshares, Inc., which is a bank holding company regulated by the Board. The former Bank Director then was made a director of MB&T and put in charge of investing the bank's capital. The former Bank Director told MB&T officials that he would invest the bank's capital in U.S. Treasury securities, but instead, over the next 18 months, he embezzled over $21 million in capital from MB&T. To cover up his fraud, the former Bank Director provided MB&T officials with false documentation that indicated the bank's capital was safely held in an account at a financial services firm, when, in fact, most of the money was gone.

This case was the result of a joint investigation by the Board-CFPB OIG, the FDIC OIG, and the FBI. This case is being prosecuted by the U.S. Attorney's Office for the Southern District of Georgia.

This prosecution was the result of efforts by the presidential Financial Fraud Enforcement Task Force, which comprises more than 20 federal agencies, 94 U.S. Attorney's Offices, and state and local partners and is the broadest coalition of law enforcement, investigatory, and regulatory agencies ever assembled to combat fraud.

Seven Former Bank Officers Sentenced in Loan-Fraud Scheme That Preceded the Collapse of First National Bank of Savannah

On June 25, 2014, seven former officers of First National Bank of Savannah were sentenced. Earlier, each of the defendants had pleaded guilty to his role in a massive loan-fraud scheme against First National Bank of Savannah and other federally insured banks. First National Bank of Savannah is a subsidiary of First National Corporation, a bank holding company regulated by the Board. The seven convicted former officers of First National Bank of Savannah received the following sentences:

- The former President and Chief Executive Officer of First National Bank of Savannah was sentenced to serve 42 months in prison, to pay about $9,749,265 in restitution, and to serve 3 years of supervised release after his release from prison.
- The former Executive Vice President and Chief Financial Officer of First National Bank of Savannah was sentenced to serve 20 months in prison, to pay about $72,571 in restitution, to pay a fine of $100,000, and to serve 3 years of supervised release after his release from prison.
- The former City President and Senior Lending Officer of First National Bank of Savannah was sentenced to serve 38 months in prison, to pay about $158,518 in restitution, and to serve 3 years of supervised release after his release from prison.
- The former Vice President of Credit Administration of First National Bank of Savannah was sentenced to serve 2 years of probation and to pay $14,800 in restitution.

- A former Senior Vice President and Commercial Loan Officer of First National Bank of Savannah was sentenced to serve 22 months in prison, to pay about $157,544 in restitution, and to serve 3 years of supervised release after his release from prison.
- The former City President of the Tybee Island branch and a Commercial Loan Officer of First National Bank of Savannah was sentenced to serve 38 months in prison, to pay about $3,891,870 in restitution, and to serve 3 years of supervised release after his release from prison.
- The former City President of the Richmond Hill branch and a Commercial Loan Officer of First National Bank of Savannah was sentenced to serve 10 months in prison, to pay about $57,771 in restitution, and to serve 3 years of supervised release after his release from prison.

According to evidence presented during the guilty plea and sentencing hearings, the defendants schemed to hide from the bank, members of the bank's board of directors, and federal bank regulators millions of dollars in nonperforming loans. To assist in their scheme, the defendants falsified and fabricated numerous bank documents and records. First National Bank of Savannah failed and was taken over by the FDIC on June 25, 2010. The FDIC estimates that First National Bank of Savannah's failure will cost the DIF over $90 million.

This case was the result of a joint investigation conducted by the Board-CFPB OIG, the FDIC OIG, the Treasury OIG, and the U.S. Attorney's Office. This case was prosecuted by the U.S. Attorney's Office for the Southern District of Georgia.

Table 9: Summary Statistics on Investigations During the Reporting Period[a]

Investigative actions	Number or dollar value
Investigative caseload	
Investigations open at end of previous reporting period	70
Investigations opened during the reporting period	13
Investigations closed during the reporting period	17
Investigations open at end of the period	66
Investigative results for the reporting period	
Referred to prosecutor	12
Joint investigations	48
Referred to audit	1
Referred for administrative action	1
Oral and/or written reprimands	0
Terminations of employment	0
Arrests	0
Suspensions	0
Debarments	0
Indictments	5
Criminal informations	2
Convictions	6
Monetary recoveries	$0
Civil actions	$0
Criminal fines, restitution, and forfeiture	$22,119,075
Asset forfeiture	$0

a. Some of the investigative numbers may include data also captured by other OIGs.

Hotline

The OIG Hotline serves as a resource for individuals to report fraud, waste, abuse, or mismanagement related to the programs or operations of the Board and the CFPB. Hotline staff can be reached by phone, fax, mail, or e-mail. OIG analysts review all incoming Hotline communications, research and analyze the issues raised, and determine how to best address the complaints. During this reporting period, the Hotline received 273 complaints.

The OIG Hotline continued to receive a significant number of complaints involving suspicious solicitations invoking the name of the Federal Reserve. Hotline staff members continue to advise all individuals that these "phishing" e-mails are solicitations that attempt to obtain the personal or financial information of the recipient and that neither the Board nor the Reserve Banks endorse or have any involvement in them.

The OIG continued to receive complaints from individuals seeking information about or wanting to file noncriminal consumer complaints regarding consumer financial products and services. In these matters, Hotline staff members typically refer complainants to the consumer group of the appropriate federal regulator for the institution involved, such as the OCC Customer Assistance Group or the CFPB Consumer Response team.

Our new public website contains a dedicated Hotline page that lists FAQs and provides OIG Hotline contact information. Additionally, there is a new online OIG Hotline Report Form available for individuals wishing to report fraud, waste, or abuse in Board or CFPB programs or operations via the OIG website. This report form gives users the ability to submit a complaint without providing the complainant's name or contact information or to request confidentiality when submitting a complaint. The new report form supports streamlined communications between complainants and Hotline staff.

Table 10: Summary Statistics on Hotline Activities During the Reporting Period

Hotline complaints	Number
Complaints pending from previous reporting period	2
Complaints received during reporting period	273
Total complaints for reporting period	275
Complaints resolved during reporting period	275
Complaints pending	0

OIG *Strategic Plan 2013–2016* Update

In August 2013, we issued our *Strategic Plan 2013–2016*. Our vision is to be *the* trusted oversight organization of the Board and the CFPB. This past year, we laid the groundwork for improvement in providing timely, high-quality products and services; developing our workforce; engaging our stakeholders; and improving our internal operations. We have made significant progress thanks to the help and commitment of OIG staff members. Following are some of the highlights by goal area.

1 Products and Services

Deliver timely, high-quality products and services that promote agency improvement.

2 Workforce

Increase employee engagement; cultivate leadership; and foster a skilled, knowledgeable workforce.

3 Stakeholders

Optimize stakeholder engagement.

4 Capacity and Operations

Enhance the capacity of the OIG to accomplish expanded oversight while improving operational effectiveness.

Goal 1: Deliver timely, high-quality products and services that promote agency improvement.

Timeliness

- As of the end of this reporting period, 44 percent of our issued reports in 2014 were completed within 9 months.
- Our response to a congressional request on the CFPB's headquarters renovation was completed in 5 months.
- Several employee workgroups developed recommendations to reduce the cycle time of engagements, through initiatives such as standardizing processes for agency information requests and increasing the efficiency of the quality review process for our reports.

Quality

We established an OIG Quality Assurance program to ensure compliance with applicable standards for all OIG operations.

- Our Office of Audits and Evaluations received a rating of *pass* for a peer review conducted by the Tennessee Valley Authority OIG. The Tennessee Valley Authority OIG found that our system of quality control has been suitably designed and complied with to provide us with reasonable assurance of performing and reporting in conformity with the *Government Auditing Standards*, established by the Comptroller General of the United States, in all material respects.
- A U.S. Railroad Retirement Board OIG peer review found that our Office of Investigations was in compliance with the quality standards established by CIGIE and the applicable Attorney General guidelines.

Major Management Challenges

- Although not required by law, we developed for the first time our listings of major management challenges for the Board and the CFPB. These listings will help the Board as it embarks on its new strategic plan process and the CFPB as it continues to develop as a new agency. The listings will also help us focus our resources on critical areas to promote agency improvement.

Goal 2: Increase employee engagement; cultivate leadership; and foster a skilled, knowledgeable workforce.

- We conducted our second annual employee engagement survey last year. The survey results were positive, and we announced action plans to further improve certain areas of employee engagement. We are grateful that we have a committed and engaged workforce, and we strive to continually improve, recognizing that increased employee engagement equals improved organizational performance.
- This past year, we participated in a Board pilot performance management program. This program places emphasis on frequent employee-manager conversations focusing on the *what* (what employees do to accomplish their work) and the *how* (how employees accomplish their work). This program also emphasizes learning, improving, and growing in one's career.

Goal 3: Optimize stakeholder engagement.

- We did preliminary work to determine how to promote a culture of engagement with our stakeholders and seek their input on the value and impact of our work. We plan to implement a feedback approach during the next calendar year.
- We unveiled a new website to improve our external communications. The website exemplifies our new brand as the OIG for the Board and the CFPB. It has a simple, clean, modern look; provides an online Hotline complaint form; and makes it easy for visitors (employees, congressional stakeholders, members of the media, and the general public) to find what they are looking for, including on a smartphone or a tablet.

Goal 4: Enhance the capacity of the OIG to accomplish expanded oversight while improving operational effectiveness.

- During this reporting period, we began efforts to collect and analyze data on a quarterly basis to assess OIG results and progress toward performance goals, a process we call *OIG Stat*. OIG Stat will allow us to better measure and report on our performance and identify improvement opportunities.
- CIGIE has published the *Quality Standards for Federal Offices of Inspector General* (also known as the Silver Book), which sets forth the overall quality framework for managing, operating, and conducting the work of OIGs. Our Quality Assurance program conducted our first-ever Silver Book review of OIG operations, found general OIG compliance with Silver Book standards, and made some recommendations for improvement.

Legislative and Regulatory Review, Congressional and Media Inquiries, and CIGIE Participation

Legislative and Regulatory Review

The Legal Services program serves as the independent legal counsel to the IG and the OIG staff. Legal Services staff members provide comprehensive legal advice, research, counseling, analysis, and representation in support of OIG audits, investigations, inspections, evaluations, and other professional, management, and administrative functions. Moreover, Legal Services keeps the IG and the OIG staff aware of recent legal developments that may affect the activities of the OIG, the Board, and the CFPB.

In accordance with section 4(a)(2) of the Inspector General Act of 1978, as amended, Legal Services staff members conduct an independent review of newly enacted and proposed legislation and regulations to determine their potential effect on the economy and efficiency of the Board's and the CFPB's programs and operations. During this reporting period, Legal Services reviewed 36 legislative and 7 regulatory items.

Congressional and Media Inquiries

The OIG communicates and coordinates with various congressional committees on issues of mutual interest. During the reporting period, we provided 45 responses to inquiries from congressional members and staff concerning the Board and the CFPB.

Additionally, the OIG responded to 17 media inquiries and conducted 3 outreach meetings with the media.

CIGIE Participation

The IG is a member of CIGIE, which provides a forum for IGs from various government agencies to discuss governmentwide issues and shared concerns. Collectively, the members of CIGIE work toward improving government programs and operations. The IG also serves as a member of CIGIE's Legislation Committee and Investigations Committee and leads the Information Technology Subcommittee of the Legislation Committee. The Legislation Committee is the central point of information regarding legislative initiatives and congressional activities that may affect the community. The Investigations Committee advises the IG community on issues involving criminal investigations, criminal investigations personnel, and criminal investigative guidelines.

The Associate Inspector General for Legal Services serves as the Chair of CIGIE's Council of Counsels to the Inspector General, and Legal Services staff attorneys are members of the council. In addition, the Associate Inspector General for Information Technology, as the Chair of the Information Technology Committee of the Federal Audit Executive Council, works with IT audit staff throughout the IG community and reports to the CIGIE Audit and Information Technology Committees on common IT audit issues.

Peer Reviews

Government auditing and investigative standards require that our audit and investigative units each be reviewed by a peer OIG organization every three years. Section 989C of the Dodd-Frank Act amended the Inspector General Act of 1978, as amended, to require that OIGs provide in their semiannual reports to Congress specified information regarding (1) peer reviews of their respective organizations and (2) peer reviews they have conducted of other OIGs. The following information addresses these Dodd-Frank Act requirements.

- The last peer review of the OIG's audit organization was completed in September 2014 by the Tennessee Valley Authority OIG. We received a peer review rating of *pass*. There were no report recommendations, nor were any recommendations pending from any previous peer reviews of our audit organization.

- The last peer review of the OIG's Office of Investigations was completed in October 2013 by the U.S. Railroad Retirement Board OIG. We received a peer review rating of *pass*. There were no report recommendations, nor were any recommendations pending from any previous peer reviews of our investigative organization. The peer review included suggestions for improvement, which we have considered and incorporated into updated policies and procedures where appropriate.

Peer review reports of our organization are available on our website: http://oig.federalreserve.gov/reports/peer-reviews.htm.

Abbreviations

Board	Board of Governors of the Federal Reserve System
CCAR	Comprehensive Capital Analysis and Review
CFPB	Consumer Financial Protection Bureau
CIGFO	Council of Inspectors General on Financial Oversight
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Investment Office
Coastal	Coastal Community Investments
CPF	Civil Penalty Fund
C-SCAPE	Consolidated Supervision Comparative Analysis, Planning and Execution
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
E2	E^2 Solutions Travel Management System
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
FISMA	Federal Information Security Management Act of 2002
FMI Oversight	Financial Market Infrastructure Oversight
FRB New York	Federal Reserve Bank of New York
GPRA	Government Performance and Results Act of 1993, as amended by the GPRA Modernization Act of 2010
IG	Inspector General
IT	information technology
JPMC	JPMorgan Chase & Co.
MB&T	Montgomery Bank & Trust
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
RBOPS	Division of Reserve Bank Operations and Payment Systems
Reserve Bank	Federal Reserve Bank
Silver Book	*Quality Standards for Federal Offices of Inspector General*
Treasury	U.S. Department of the Treasury

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