



## NASA OFFICE OF INSPECTOR GENERAL

SUITE 8U71, 300 E ST SW  
WASHINGTON, D.C. 20546-0001

September 18, 2023

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

Subject: System Review Report on the Board of Governors of the Federal Reserve System and  
Consumer Financial Protection Bureau Office of Inspector General Audit Organization

Dear Inspector General Bialek,

Attached is the System Review Report of the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau's Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included as an attachment to our final report.

We appreciate the assistance, cooperation, and courtesies extended to our staff during the review.

Sincerely,

Paul K. Martin  
Inspector General

Enclosures



## NASA OFFICE OF INSPECTOR GENERAL

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WASHINGTON, D.C. 20546-0001

### SYSTEM REVIEW REPORT

September 18, 2023

Mark Bialek  
Inspector General  
Board of Governors of the Federal Reserve System and  
Consumer Financial Protection Bureau

We have reviewed the system of quality control for the audit organization of the Board of Governors of the Federal Reserve System (Board) and Consumer Financial Protection Bureau (CFPB) Office of Inspector General (OIG) in effect for the year ended March 31, 2023. A system of quality control encompasses the Board/CFPB OIG's organizational structure and the policies adopted and procedures established to provide a reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements.<sup>1</sup> The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of Board/CFPB OIG in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide Board/CFPB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

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<sup>1</sup> Board/CFPB OIG policies and procedures were reviewed using the 2018 version of the Government Auditing Standards. See, Government Accountability Office, *Government Audit Standards 2018 Revision* Technical Update April 2021 (GAO-21-368G), April 2021.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. Board/CFPB OIG has received an External Peer Review rating of *pass*.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to the Board/CFPB OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether the Board/CFPB OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on the Board/CFPB OIG's monitoring of work performed by IPAs.

### **Letter of Comment**

We have issued a letter dated September 18, 2023, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

### **Basis of Opinion**

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.<sup>2</sup>

During our review, we reviewed applicable audit policy and procedures, and interviewed Board/CFPB OIG personnel and obtained an understanding of the nature of the Board/CFPB OIG audit organization and the design of the Board/CFPB OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with the Board/CFPB OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the Board/CFPB OIG audit organization.

In performing our review, we obtained an understanding of the system of quality control for the Board/CFPB OIG audit organization. In addition, we tested compliance with the Board/CFPB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of Board/CFPB OIG policies and procedures on selected GAGAS engagements. Our review was based on selected tests; therefore, it would not

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<sup>2</sup> *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*, March 2020.

necessarily detect all weaknesses in the system of quality control or all instances of noncompliance.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with Board/CFPB OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the engagements we reviewed.

### **Responsibilities and Limitation**

Board/CFPB OIG is responsible for establishing and maintaining a system of quality control designed to provide Board/CFPB OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and Board/CFPB OIG compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate over time.

Paul K. Martin  
Inspector General

Enclosures

## Scope and Methodology

We tested compliance with the Board/CFPB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of 14 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from April 1, 2022, through March 31, 2023. We also reviewed the internal quality control reviews performed by the Board/CFPB OIG.

In addition, we reviewed Board/CFPB OIG monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2022, through March 31, 2023. During the period, the Board/CFPB OIG contracted for the audit of its agency's financial statements for the years ended December 31, 2021, and 2022. Board/CFPB OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We used CIGIE guidance to conduct our review.<sup>3</sup> We reviewed Board/CFPB OIG audit policies and procedures, continuing professional education and independence documents; interviewed management; surveyed staff; and completed checklists from CIGIE's guide.<sup>4</sup>

We reviewed the following GAGAS Engagements performed by Board/CFPB OIG:

Report Number	Report Date	Report Title
2022-FMIC-B-002	2/2/2022	The Board's Contract Modification Process Related to Renovation Projects is Generally Effective
2022-FMIC-B-004	2/28/2022	The Board Has Effective Processes to Collect, Aggregate, Validate, and Report CARES Act Lending Program Data
2022-IT-C-014 <sup>5</sup>	9/30/2022	2022 Audit of the CFPB's Information Security Program

<sup>3</sup> *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*, March 2020.

<sup>4</sup> We completed the following checklists: Appendix A Policies and Procedures (March 2020); Appendix B Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review (March 2020); Appendix E Checklist for Performance Audits Performed by the Office of Inspector General (March 2020); and Appendix F Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm (March 2020).

<sup>5</sup> Applied both Appendix E Checklist for Performance Audits Performed by the Office of Inspector General (March 2020) and Appendix F Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm (March 2020).

We reviewed the following monitoring file of Board/CFPB OIG for contracted GAGAS engagements:

Report Number	Report Date	Report Title
2023-FMIC-B-003	3/6/2023	Board of Governors of the Federal Reserve System Financial Statements as of and for the Years Ended December 31, 2022, and 2021, and Independent Auditors' Reports
2022-IT-C-014 <sup>6</sup>	9/30/2022	2022 Audit of the CFPB's Information Security Program

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<sup>6</sup> Applied both Appendix E Checklist for Performance Audits Performed by the Office of Inspector General (March 2020) and Appendix F Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm (March 2020).



**Office of Inspector General**

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

September 13, 2023

Mr. Paul K. Martin  
Inspector General  
National Aeronautics and Space Administration  
300 E Street SW  
Suite 8U71  
Washington, DC 20546-0001

Dear Paul:

Thank you for the opportunity to review and comment on the draft *System Review Report* on the system of quality control in the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau.

We agree with your conclusion that our system of quality control for the audit organization has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. We are pleased that your independent review of our audit operations resulted in a *pass* rating.

We would like to thank you and your staff for the thorough and professional review.

Sincerely,

A handwritten signature in black ink that reads 'Mark Bialek'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mark Bialek  
Inspector General