

**Report on the  
Qualitative Assessment Review of the  
Investigative Operations of the Office  
of Inspector General for the Board of  
Governors of the Federal Reserve  
System and the Consumer Financial  
Protection Bureau**

Conducted by the Office of Inspector General  
for the U.S. Department of Commerce

September 22, 2023

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**Section I:**  
**Qualitative Assessment Review**  
**Opinion Letter**



September 22, 2023

Mark Bialek  
Inspector General  
Board of Governors of the Federal Reserve System and the Consumer Financial Protection  
Bureau  
20th Street and Constitution Avenue NW  
Mail Center I-2322  
Washington, DC 20551

**Subject: Qualitative Assessment Review Opinion Letter**

Dear Inspector General Bialek:

We have reviewed the system of internal safeguards and management procedures for the investigative operations of the Office of Inspector General (OIG) for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (Board-CFPB-OIG) in effect for the review period ending July 13, 2023. Our review was conducted in conformity with the Quality Standards for Investigations and the Qualitative Assessment Review Guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

We reviewed compliance with the Board-CFPB-OIG system of internal policies and procedures to the extent we considered appropriate. The onsite portion of the review was conducted at the headquarters office in Washington, DC. As part of our review, we sampled 20 case files of investigations closed between January 2022 and December 2022. In performing our review, we also gave consideration to the Attorney General's Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority and the Inspector General Act of 1978, as amended, 5 U.S.C. § 406(f).

In our opinion, the system of internal safeguards and management procedures for the investigative function of the Board-CFPB-OIG in effect for the review period ending July 13, 2023, is in compliance with the quality standards established by the CIGIE and the other applicable guidelines and statutes cited above. These safeguards and procedures provide reasonable assurance of conforming with professional standards in the planning, execution, and reporting of its investigations and in the use of law enforcement powers.

Sincerely,

A handwritten signature in black ink, appearing to read "Peggy E. Gustafson". The signature is written in a cursive, flowing style.

Peggy E. Gustafson  
Inspector General

**Attachment A:  
List of Sampled Closed Investigation Case Files**

<u>Case Number</u>	<u>Date of Closure</u>
19-0002	07/24/2022
19-0008	02/08/2022
19-0016	03/31/2022
20-0005	01/11/2022
20-0011	12/28/2022
20-0026	06/07/2022
20-0041	05/11/2022
20-0060	05/04/2022
20-0070	03/28/2022
21-0006	03/18/2022
21-0010	06/17/2022
21-0017	03/31/2022
21-0035	01/21/2022
21-0047	09/02/2022
21-0055	07/18/2022
21-0064	08/26/2022
22-0003	08/05/2022
22-0007	06/29/2022
22-0052	10/19/2022
22-0053	12/30/2022

**Section 2:**  
**Qualitative Assessment Review**  
**Observations Letter**



September 22, 2023

Mark Bialek  
Inspector General  
Board of Governors of the Federal Reserve System and the Consumer Financial Protection  
Bureau  
20th Street and Constitution Avenue NW  
Mail Center I-2322  
Washington, DC 20551

**Subject: Qualitative Assessment Review Observations Letter**

Dear Inspector General Bialek:

This letter is a supplement to our *Qualitative Assessment Review Opinion Letter* on the investigative operations of the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau (Board-CFPB-OIG), dated September 22, 2023.

In addition to reporting a rating of compliant, the peer review team identified three best practices or similar notable positive attributes of your investigative operations. Specifically, the review team noted the following:

**1. Firearms Program and Other Training Requirements**

Investigative personnel are subject to a number of recurring firearms and other standard training requirements. The staff overseeing compliance with these requirements have admirably ensured that the requirements are satisfied in a timely manner and that the appropriate supporting documentation is maintained in an organized fashion. Their files are highly accessible and quickly provide the information needed to assess compliance. The Firearms Room projected a sense of orderliness, with every item meticulously arranged around its primary work bench area. Its efficiency was further evident through the presence of numerous readily available replacement parts and associated tools for their primary weapon platform. The personnel responsible for conducting armorer duties exhibited a wealth of experience and proficiency, further evident by their maintaining of three distinct weapons platforms. Their expertise instilled a sense of confidence, assuring that the Firearms Program would remain finely tuned and ready at all times.

**2. Headquarters Organizational Structure**

The headquarters (HQ) organizational structure within your Office of Investigations is exceptionally well designed to achieve its investigative mission while ensuring the utmost quality in case management oversight and operations. Within HQ, personnel/teams are assigned to investigative support, proactive initiatives, and program management. These

personnel were noted as having the ability to work in other sections and complete additional tasks requirements as necessary. This arrangement significantly aids in cultivating expertise and institutional knowledge. As a result, the Office of Investigations is well equipped to excel in its mission and deliver effective outcomes.

### **3. Investigations**

The peer review team found case files exceptionally well organized and documented. Documents were easy to find and the information in the files was detailed and easy to follow. The documentation in the files generally revealed professionally and thoroughly conducted investigations achieving results that positively impact the mission of your supported agency and the U.S. economy.

In addition to reporting a rating of compliant, the peer review team identified the following four areas for potential improvement, which do not impact your office's compliance rating.

#### **1. Contemporaneous Interview Notes**

During the review, the team noted several instances of missing interview notes or notes with incomplete information required by policy. Through discussion, it was revealed that the instances of missing notes were likely the result of case agents typing notes during the interview and converting this document directly into a Memorandum of Activity (MOA). However, Board-CFPB-OIG Policy Number IN-006, para 6.5, requires notes to be included with all interview MOAs.

Recommendation: Ensure investigators comply with Board-CFPB-OIG Policy Number IN-006, para 6.5.

#### **2. Noncustodial Recorded Interviews**

The review revealed two separate instances (19-0002, 21-0047) wherein the requirements of Board-CFPB-OIG Policy Number IN-007, paras 2.3 and 5.2.2, were not met. The MOAs and transcripts of recorded interviews did not document items required by policy such as date/time, persons present, and acknowledgement of recording. Additionally, it appears these interviews were noncustodial, but the factors impacting such were not clearly documented.

Recommendation: Ensure all investigators comply with Board-CFPB-OIG Policy Number IN-007 requirements for recorded interviews, and take adequate steps to document noncustodial conditions germane to the interview.

#### **3. Evidence Disposition**

Board-CFPB-OIG Policy Number IN-011, para. 3.1, states that details of evidence disposition need to be noted in the evidence custody register or evidence logbook. The review team noted several instances wherein the evidence logbook indicated evidence was "disposed" or "returned," but no additional details regarding how the evidence was disposed or to whom evidence was returned were provided.



Recommendation: Ensure the disposition of evidence is clearly detailed, in accordance with Board-CFPB-OIG policy.

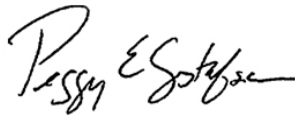
#### **4. Evidence Barcode Policy**

Board-CFPB-OIG Policy Number IN-011, para 2.2, states the evidence custodian will print a barcode label to attach to the evidence. The review of the evidence program revealed that barcodes are no longer used, as the evidence management software was changed and no longer capable of producing bar codes.

Recommendation: Update Board-CFPB-OIG Policy Number IN-011, para 2.2, to remove the requirement of utilizing barcodes.

On behalf of the review team, I express our utmost appreciation to your entire investigations team for their accommodating assistance throughout the review. If you have any questions, please do not hesitate to contact me at 202-482-4661 or Assistant Inspector General for Investigations, Scott Kieffer, at 202-893-8770.

Sincerely,

A handwritten signature in black ink, appearing to read "Peggy E. Gustafson". The signature is written in a cursive, flowing style.

Peggy E. Gustafson  
Inspector General

## **Section 3: Response Letter with Corrective Action Plan**



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

August 22, 2023

Scott Kieffer  
Assistant Inspector General for Investigations  
Office of Inspector General  
U.S. Department of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

Dear Assistant Inspector General for Investigations Kieffer:

This letter details the corrective action plan by the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau's Office of Investigations in response to the draft report by the U.S. Department of Commerce Office of Inspector General, *External Quality Assessment Review of the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau Investigative Operations*, issued August 14, 2023.

Commerce OIG's peer review of our Office of Investigations' assessed compliance with the *Quality Standards for Investigations* and the *Qualitative Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General*, established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority*. Commerce OIG's letter of observations contained four recommendations, in response to which we have made the following corrective actions:

#### 1. Contemporaneous Interview Notes

**Recommendation:** Ensure investigators comply with Board-CFPB-OIG, Policy Number: IN-006, para 6.5.

**Corrective Action Plan:** On August 21, 2023, the Board-CFPB OIG Office of Investigations investigative program coordinator in Headquarters sent out guidance to Office of Investigations staff reinforcing the requirement to follow OIG policy IN-006, paragraph 6.5.

#### 2. Noncustodial Recorded Interviews

**Recommendation:** Ensure all investigators comply with Board-CFPB-OIG, Policy Number: IN-007, requirements for recorded interviews, and take adequate steps to document non-custodial conditions germane to the interview.

**Corrective action plan:** On August 21, 2023, the Board CFPB-OIG Office of Investigations investigative program coordinator in Headquarters sent out guidance to Office of Investigations staff reinforcing the requirement to follow OIG policy IN-007, paragraphs 2.3 and 5.2.2. The Office of Investigations will conduct additional training on compliance with OIG policy IN-011, paragraphs 2.3 and 5.2.2, during the office’s in-service training, projected to occur in the fiscal year 2024–fiscal year 2025 time frame.

### 3. Evidence Disposition

**Recommendation:** Ensure the disposition of evidence is clearly detailed, in accordance with Board-CFPB OIG policy IN-011, paragraph 3.1.

**Corrective action plan:** The Board CFPB-OIG Office of Investigations investigative program coordinator in Headquarters sent out guidance to Office of Investigations staff reinforcing the requirement to follow OIG policy IN-011, paragraph 3.1. The Office of Investigations will conduct additional training on compliance with OIG policy IN-011, paragraph 3.1, during the office’s in-service training, projected to occur in the fiscal year 2024–fiscal year 2025 time frame.

### 4. Evidence Barcode Policy

**Recommendation:** Update Board-CFPB-OIG policy IN-011, paragraph 2.2, to remove the requirement of utilizing barcodes.

**Corrective action plan:** In fiscal year 2024, the Board CFPB-OIG Office of Investigations plans to update OIG policy IN-011, paragraph 2.2, to remove the requirement to print a barcode label to attach to the evidence.

If you have any questions or need additional information, please do not hesitate to contact me at 202-973-5018 or at [stephen.a.carroll@frb.gov](mailto:stephen.a.carroll@frb.gov).

Sincerely,



Stephen A. Carroll  
Associate Inspector General for Investigations

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Commerce OIG External Peer Review

August 22, 2023