



Office of Inspector General

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

MEMORANDUM

DATE: December 28, 2018

TO: Board of Governors

FROM: Mark Bialek 
Inspector General

SUBJECT: 2019 Budget Request for the Office of Inspector General

Action Requested

The Office of Inspector General (OIG) recommends that the Board of Governors of the Federal Reserve System (Board) approve the following:

1. an operating budget of \$35,366,372 for 2019, which represents a 1.5 percent decrease from our 2018 budget
2. a single-year capital budget of \$204,000 for 2019, which includes the purchase of two replacement vehicles for our Office of Investigations, new information technology equipment, and regional office network equipment
3. a less than \$5,000 overexpenditure within the 2018 single-year capital budget under the Board's *Delegations of Administrative Authority* policy

Discussion

Our 2019 funding request serves to implement activities in support of the third year of our Strategic Plan 2017–2020 (table 1). Specifically, our strategic plan includes goals to deliver results that promote agency excellence; promote a diverse, skilled, and engaged workforce and foster an inclusive, collaborative environment; optimize stakeholder engagement; and advance organizational effectiveness and model a culture of continuous improvement.

This budget request was prepared in consultation with the Board's Division of Financial Management; however, we are submitting our request separately to the Board because of our independence. We have reviewed this request with the Director of the Division of Financial Management and the Chief Financial Officer of the Bureau of Consumer Financial Protection (Bureau). We are providing a copy of this budget request to the Bureau Director pursuant to section 6(g)(1) of the Inspector General Act of 1978, as amended (5 U.S.C. app. 3).

Table 1. Overview of the OIG's 2019 Budget Components

Component	2018 operating plan	2019 budget request	Increase (decrease)	% increase (% decrease)
Personnel services	\$27,663,905	\$27,417,787	(\$246,118)	(0.9)
Goods and services	\$8,250,694	\$7,948,585	(\$302,110)	(3.7)
Operating	\$35,914,599	\$35,366,372	(\$548,228)	(1.5)
Single-year capital	\$120,000	\$204,000	\$84,000	70.0
Multiyear capital	\$0	\$0	\$0	0
Number of positions	132	132	0	0

Note. Components may not sum to totals and may not yield percentages shown because of rounding.

In accordance with our statutory responsibilities, we provide independent oversight by conducting audits, evaluations, investigations, and other reviews of the programs and operations of the Board and the Bureau. We make recommendations to improve the economy, efficiency, and effectiveness of Board and Bureau programs, and we prevent and detect fraud, waste, and abuse in those programs. Additionally, we are a member of the Council of Inspectors General on Financial Oversight, which focuses on concerns that apply to oversight of the broader financial sector and evaluates the Financial Stability Oversight Council.

Operating Budget

Our 2019 budget includes a total of \$27,417,787 for personnel services, which is a decrease of \$246,118 (0.9 percent) from 2018, with no request for new positions. This decrease is the result of adjustments to our lapse rate to reflect more recent net employment trend data and due in part to strategic hiring decisions and workforce assessment activities performed by our offices following the retirement and resignation of three senior leaders during 2018. We have filled one of the positions and expect that the other two positions will be filled during the first quarter of 2019. In total, we hired 7 new employees during 2018 and our current staffing level is 123, which represents a 6.8 percent vacancy rate. We are working diligently to fill our 9 vacant positions.

For 2019, our goods and services budget request is \$7,948,585, which is a decrease of \$302,110 (3.7 percent). Within this category, the overall decrease is driven by an alignment of the budget with actual historical spending. Specifically, for our contractual professional services and training and dues accounts, we used several tools and per capita analytics to reduce recurring underruns in these accounts.

Capital

We are requesting \$204,000 for new single-year capital funding for 2019. This funding will be used to replace two vehicles due to age and increased repair costs, to upgrade or replace existing information technology equipment for our electronic crime lab and IT Audits lab, and to replace or upgrade network equipment in two of our regional offices to enhance connectivity.

Overexpenditure

For 2018, we will exceed our single-cycle capital budget by less than \$5,000 due to higher-than-planned costs for vehicle life cycle replacements. Under the Board's *Delegations of Administrative Authority* policy, we request that the Board approve this overexpenditure as part of the overall budget approval.

Closing

Our proposed budget will allow us to meet our statutory requirements and internal strategic initiatives. We continue to promote budget discipline, resulting in a constrained budget. We will remain diligent in managing our resources, and we will inform the Board and the Bureau of any changes that significantly affect our operations.

In accordance with requirements of the Inspector General Reform Act, a summary statement regarding this budget request is included as attachment 1. A summary table of our proposed 2019 budget request is included as attachment 2. Please contact me if you have any questions or wish to discuss this matter further.

Attachments

cc: Kathy Kraninger, Director, Bureau of Consumer Financial Protection
Ricardo A. Aguilera, Chief Financial Officer, Board of Governors of the Federal Reserve System
Elizabeth Reilly, Chief Financial Officer, Bureau of Consumer Financial Protection

Attachment 1

**Inspector General Summary Statement per the
Inspector General Reform Act**

The Inspector General Reform Act (Pub. L. 110-409) was signed by the President on October 14, 2008. Section 6(g)(1) of the Inspector General Act of 1978, 5 U.S.C. app. 3, was amended to require certain specifications concerning OIG budget submissions each fiscal year.

In accordance with these requirements, we submit the following information related to our proposed 2019 budget:

- The OIG's proposed 2019 operating budget is \$35,366,372. We are requesting \$204,000 in single-year capital funds.
- The portion of the budget needed for OIG training-related costs during 2019 is \$309,800.
- The portion of the budget needed to support the operation of the Council of the Inspectors General on Integrity and Efficiency is \$79,012.

I certify as the Inspector General for the Board and the Bureau that I believe the amount I have requested for training satisfies all OIG training needs for calendar year 2019.

Attachment 2**Summary of the OIG's 2019 Budget Request**

Category	2018 operating plan	2019 budget request	Increase (decrease)	% increase (% decrease)
Salaries	\$22,261,619	\$22,017,886	(\$243,733)	(1.1)
Retirement/thrift plans	\$3,481,002	\$3,478,423	(\$2,578)	(0.1)
Employee insurance	\$1,921,284	\$1,921,478	\$194	0.0
Personnel services	\$27,663,905	\$27,417,787	(\$246,118)	(0.9)
Postage and shipping	\$3,800	\$3,925	\$125	3.3
Travel	\$784,800	\$791,760	\$6,960	0.9
Telecommunications	\$186,106	\$188,106	\$2,000	1.1
Printing and binding	\$39,500	\$0	(\$39,500)	(100)
Supplies	\$59,950	\$60,804	\$854	1.4
Software	\$333,047	\$336,115	\$3,068	0.9
Furniture and equipment (F&E)	\$406,000	\$291,170	(\$114,830)	(28.3)
Rentals	\$3,317,399	\$3,288,977	(\$28,422)	(0.9)
Data, news, and research	\$59,474	\$62,660	\$3,186	5.4
Repairs and alterations— building	\$0	\$40,000	\$40,000	n.a.
Repairs and maintenance—F&E	\$71,678	\$19,000	(\$52,678)	(73.5)
Contractual professional svcs.	\$819,664	\$799,120	(\$20,544)	(2.5)
Training and dues	\$554,647	\$402,900	(\$151,747)	(27.4)
All other	\$8,080	\$10,000	\$1,920	23.8
Depreciation/amortization	\$1,046,752	\$1,038,586	(\$8,166)	(0.8)
IT user charge	\$559,797	\$615,461	\$55,664	9.9
Goods and services	\$8,250,694	\$7,948,585	(\$302,110)	(3.7)
Total operating funds	\$35,914,599	\$35,366,372	(\$548,228)	(1.5)
Single-year capital funds	\$120,000	\$204,000	\$84,000	70.0

Note. Components may not sum to totals and may not yield percentages shown because of rounding.

n.a. not applicable