




Office of Inspector General

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

MEMORANDUM

DATE: December 3, 2021

TO: Board of Governors

FROM: Mark Bialek 
Inspector General

SUBJECT: 2022 Budget Request for the Office of Inspector General

Action Requested

The Office of Inspector General requests that the Board of Governors approve the following:

1. a total operating budget of \$51,382,351 for 2022, as shown in table 1 by parent account, which represents a 2.5 percent increase from the 2021 operating budget
2. an increase of 2 in the OIG’s authorized position count to 142 positions, as shown in table 1, to address staffing needs

Discussion

Our 2022 funding request will allow us to implement activities in support of our *Strategic Plan 2017–2020*, which we have extended because of the uncertainty that we and the agencies we oversee have been facing as a result of the COVID-19 pandemic. 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 of Governors 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. 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 2022 Budget

Parent account	2021 budget	2022 budget request	Increase (decrease)	% increase (% decrease)
Personnel services	\$30,890,887	\$31,238,247	\$347,360	1.1
Goods and services	\$19,218,009	\$20,144,104	\$926,095	4.8
Total operating budget	\$50,108,896	\$51,382,351	\$1,273,455	2.5
Authorized positions	140	142	2	1.4

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 operations, and we prevent and detect fraud, waste, and abuse. We are a member of the Council of the Inspectors General on Integrity and Efficiency, which focuses on integrity, economy, and effectiveness issues that transcend individual government agencies and aids in the establishment of a professional, well-trained, and highly skilled workforce across the inspector general community, and 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. We are also a member of the Pandemic Response Accountability Committee, which provides transparency into the federal government's COVID-19 pandemic response spending.

Operating Budget

For 2022, our personnel services budget request is \$31,238,247, which is an increase of \$347,360 (1.1 percent) over our 2021 budget and includes funding for 2 new positions. The New Positions section below explains the need for both positions we are requesting. Separate from any new positions, our personnel services budget is expected to increase as the result of adjustments to our vacancy/lapse rate to reflect more-recent net employment trend data, anticipated increases in spending for employee benefits, and a chart of accounts change that moves certain contractor expenses (outside agency help) from goods and services to personnel services to provide a more complete view of personnel. Our current staffing level is 128, which is a net increase of 4 over our 2020 year-end staffing level and represents an 8.6 percent vacancy rate. We are working on offers to candidates for 3 of our vacancies, and we are working diligently to fill the remaining vacant positions.

For 2022, our goods and services budget request is \$20,144,104, which is an increase of \$926,095 (4.8 percent) from 2021. Our goods and services budget is expected to increase as the result of increases in equipment purchases, telecommunications charges, and travel. We also anticipate increases associated with new contractor support, though the year-to-year effect of this increase is offset in the goods and services budget by the chart of accounts change that moved outside agency help to personnel services. The COVID-19 pandemic continued to affect our goods and services spending in 2021, specifically in travel, software, and contractual professional services. We canceled or delayed contractor support because of the need to address pandemic-related priorities and the inability to conduct certain contract work remotely. We were also unable to procure certain new software products because they must be

used onsite. We expect to return to normal spending levels for contractual professional services and software over time. The budget includes a gradual step-up approach to travel expenses, which aligns with similar assumptions used by the Board and the Federal Reserve Banks.

The 2022 total operating budget is \$51,382,351. In 2022, we expect to receive \$15,414,705 in earned operating income from the Bureau, which reduces the expected funding contributed by the Board. Annually, we conduct an analysis to determine the allocation of work that will be attributed to the Board and to the Bureau. For 2022, we anticipate the allocation to the Board and to the Bureau to be 70 percent and 30 percent, respectively, because of increased oversight and investigative responsibilities related to the Board's programs created in response to the COVID-19 pandemic. Based on the 2022 budget of \$51,382,351 as shown in table 1, we estimate the Board's allocation will be \$35,967,645 (70 percent) and the Bureau's allocation will be \$15,414,705 (30 percent). We began incorporating earned income from the Bureau into the budget process with the 2020 budget. This income had been collected in prior years but had not been included in the budget process. The income account is tracked separately from our parent accounts (meaning, personnel services and goods and services).

New Positions

We propose adding 2 authorized positions, bringing the office to 142 positions. These new positions will build on the positions we added in 2021 to address the COVID-19 pandemic response and the continually increasing importance of and risk associated with cybersecurity and information technology operations.

- Office of Audits and Evaluations (OAE): A new position in the Financial Management and Internal Controls section of OAE will improve our capacity to provide appropriate coverage of pandemic-related matters and other significant Board projects. OAE's work on Board programs and operations has been particularly dynamic in the last few years and has included key, long-term strategic initiatives in the areas of lending programs, building renovations, and technology implementation. We expect these will continue to be significant areas of focus for our oversight activities because of the important strategic priorities the Board has underway. This additional position will help OAE to balance high priority areas and recurring oversight areas.
- Office of Information Technology (OIT): A new position in OIT will improve our ability to provide oversight of the Board's and the Bureau's rapidly changing IT environments. Our oversight responsibilities have increased because of Federal Information Security Modernization Act reporting requirements, executive orders, revised Office of Management and Budget guidance, and congressional requests. Consistent with the reorganization of OIT that began last year, we intend to hire an entry-level auditor, as we have found success in mentoring and developing talent within our IT audit organization. While we have relied heavily on contractors in the past, the current industrywide workforce environment has presented challenges to contracting that we believe will be best mitigated by developing and retaining staff with degrees or experience in computer science, cybersecurity, or data analytics.

Closing

Our proposed budget will allow us to meet our statutory requirements and internal strategic initiatives. We continue to promote budget discipline while fulfilling the mission of our office. 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 2022 budget request is included as attachment 2. Please contact me if you have any questions or wish to discuss this matter further.

Attachments

cc: Rohit Chopra, Director, Bureau of Consumer Financial Protection
Ricardo A. Aguilera, Chief Financial Officer, Board of Governors of the Federal Reserve System
Dana James, Acting 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, requires certain specifications concerning OIG budget submissions each fiscal year.

In accordance with these requirements, we submit the following information related to our proposed 2022 budget:

- The OIG's proposed 2022 operating budget is \$51,382,351, excluding the earned operating income from the Bureau.
- The portion of the budget needed for OIG training-related costs during 2022 is \$422,818.
- The portion of the budget needed to support the operation of the Council of the Inspectors General on Integrity and Efficiency is \$126,274.

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 2022.

Attachment 2

Summary of the OIG's 2022 Budget Request

Budgeted summary account	2021 budget (in \$)	2022 budget (in \$)	Increase (decrease) (in \$)	% increase (% decrease)
Salaries	24,417,196	24,542,607	125,412	0.5
Retirement/thrift plans	4,319,375	4,383,094	63,719	1.5
Employee insurance	2,154,316	2,072,610	(81,706)	(3.8)
Outside agency help ^a	n.a.	239,936	239,936	n.a.
Personnel services	30,890,887	31,238,247	347,360	1.1
Postage and shipping	600	600	0	0.0
Travel	461,362	511,957	50,595	11.0
Telecommunications	202,000	288,040	86,040	42.6
Supplies	88,000	99,220	11,220	12.8
Software	400,923	382,273	(18,650)	(4.7)
Furniture and equipment (F&E)	190,138	231,700	41,563	21.9
Rentals	19,017	18,769	(247)	(1.3)
Data, news, and research	77,262	98,149	20,887	27.0
Repairs and alterations—building	11,000	1,000	(10,000)	(90.9)
Repairs and maintenance—F&E	17,727	55,871	38,144	215.2
Contractual professional svcs.	1,522,837	1,411,153	(111,684)	(7.3)
Training and dues	577,364	556,592	(20,772)	(3.6)
All other	5,000	1,000	(4,000)	(80.0)
Depreciation/amortization	224,780	147,780	(77,000)	(34.3)
Support and overhead	15,420,000	16,340,000	920,000	6.0
Goods and services	19,218,009	20,144,104	926,095	4.8
Total operating budget	50,108,896	51,382,351	1,273,455	2.5
Operating income	(15,032,669)	(15,414,705)	(382,036)	2.5
Estimated operating budget (Board portion)	35,076,227	35,967,645	891,419	2.5

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

n.a. not applicable.

^a This is a new summary account within personnel services beginning with the 2022 budget. Outside agency help was previously included in the contractual professional services summary account within goods and services.